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Israelis in Quandary Over Next Move in Beirut as Control of Events Slips Away

By David K. Shipler
New York Times Service

JERUSALEM — Israel is in a quandary about how to get the Palestine Liberation Organization out of Beirut. The political negotiations seem less promising with each passing day. The military option seems to grow more complex, more costly and more attractive. But it also grows more likely, especially as rockets and mortar shells between Palestinian and Israeli forces increase daily.

was driving headlong through southern Lebanon, as long as the objectives were purely military. Israel was enjoying a sense of invincibility. But as the war passed from a military to a political phase and other factors entered the picture, Israel transferred to others — the United States, the Lebanese government, the Palestinian leadership — the burden of resolving the conflict.

The resulting impasse carries great risks for Israel. The Begin government cannot back down from its demand that the PLO leave Beirut, for to do so would be to give the Palestinians an inalienable victory. The guerrilla organization would then be known as having held off mighty Israel; in Arab speeches and propaganda, the PLO's obliteration in the south of Lebanon would be forgotten, and in the halls of international diplomacy its stature would be raised immensely. It would be seen as a force to be reckoned with, to be negotiated with, to be recognized. Israel would have lost the war.

der and keeping it free of guerrilla activity. Although Defense Minister Ariel Sharon certainly saw the goals as wider — he had spoken in recent months of crushing the PLO completely and driving it out of Lebanon — the stated aims were modest enough to leave Israel more room for concession than it has now.

have argued for a military assault on West Beirut and the surrounding Palestinian refugee camps as the only effective route to victory. He is understood to be worried that even if the guerrillas do leave peacefully, a clandestine underground network of potential guerrillas will be left behind to rebuild.

leadership would probably be obliterated, without the opportunity to reappear in political or diplomatic form in some other Arab capital. During the first week of the war Israel reportedly tried to kill the PLO leader, Yasser Arafat, by bombing places in which he was thought to be hiding. He was not where the Israelis thought he was. But the calculation was apparently made here that despite his comparative moderation, his absence would have fostered disarray among the various Palestinian factions.

U.K. Plans To Return Argentine Prisoners

By Peter Osnos
Washington Post Service

LONDON — Britain expressed satisfaction Monday that Argentina did not intend to continue active hostilities in the South Atlantic, and the Foreign Office said it would therefore return the last of 93 Argentine prisoners.



Two municipal workers in West Beirut directed motor traffic around an unexploded Israeli shell.

Beirut Quiet; Talks Resumed

Moslem Mediator Says 'Problems' of PLO Withdrawal Still Unsolved

Compiled by Our Staff From Dispatches
BEIRUT — Israeli and Palestinian guns were silent Monday as the sixth cease-fire in the 36-day war continued to hold, allowing negotiations for a PLO withdrawal from Lebanon to resume. But no progress was reported.

whether Israeli troops returned fire. The U.S. special envoy to the Middle East, Philip C. Habib, resumed talks, which had been interrupted by the intense shelling, to secure a withdrawal of the estimated 6,000 Palestine Liberation Organization guerrillas from Lebanon. He met with Lebanon's premier, Shafiq al-Wazzan, former Premier Saeb Salam and David Kimche, director-general of the Israeli Foreign Ministry.

ABC News reported Monday that President Reagan had sent a stern letter to Prime Minister Menachem Begin of Israel telling him to stop shelling Palestinian positions and blocking movement of food and water to West Beirut. ABC, quoting State Department sources, said the president also told Mr. Begin the United States may have to talk directly to the PLO — a move that would give the guerrilla organization de facto U.S. recognition.

Agency Warns U.S. Arms Buyers May Default

By Dan Morgan
Washington Post Service

WASHINGTON — Thirteen nations have fallen more than \$28 million behind in interest payments on weapons purchases from the United States, including three countries that the Reagan administration has selected for sizable new loans, according to a study by the General Accounting Office.

The General Accounting Office, an auditing arm of Congress, has warned that more defaults are likely at a time the Pentagon reserve fund set up to cover them is dwindling. Critics say the guaranteed loan program is merely putting off an expensive day of reckoning when U.S. taxpayers will have to pay back the military debts run up by America's arms customers.

The loan program, instrumental in keeping U.S. weapons flowing to developing countries, was set up in the mid-1970s to relieve Congress of the political problems of appropriating military aid. Instead, the U.S. Treasury provided the credits, the Pentagon guaranteed the loans and the foreign customers paid the going commercial interest rate.

If interest rates remain at 13½ percent during this decade, Egypt will be paying \$1.2 billion yearly by 1989 in interest alone on old military loans, according to government estimates. Israel, which is facing principal and interest payments of almost \$20 billion over the next 30 years, is already paying \$910 million a year to keep up.

Man Detained After Entering Queen Elizabeth's Bedroom

Compiled by Our Staff From Dispatches

LONDON — The government said Monday that it was tightening security for the royal family after an intruder entered Buckingham Palace and spoke to Queen Elizabeth II in her bedroom early Friday morning. The man sat on the queen's bed and talked to her for 10 minutes before she could summon help, according to a report in the Daily Express.

When the man asked for a cigarette, the queen summoned a footman, the newspaper said. The footman, entered the room and the man was detained. Government sources said the Daily Express report was substantially correct.

Home Secretary William Whitelaw, who is responsible for law enforcement, including the royal family's safety, confirmed that a man had breached security at Buckingham Palace on Friday and said in a statement to the House of Commons.

"In recent years a number of additional security measures had been put into effect. But this latest incident shows they were not satisfactory. Immediate steps have been taken to put into effect additional security arrangements."

The British at first intended to keep the prisoners until Argentina formally offered that the war was over. It became clear, however, that such a pledge would be a long time coming from any Argentine government. The British then said that "positive indications" that the conflict was ended would be sufficient.

Unilateral Decision
Last week, with the prisoners uncomfortably ensconced on the St. Edmund off the Falklands coast, the British decided that they would make, in effect, a unilateral declaration ending the hostilities and give up the prisoners if it was not contradicted by Argentina. This is what has now happened.

The Standard newspaper said Monday evening that the intruder scaled a drainpipe, pulled aside wire mesh covering a first-floor window that keeps pigeons away, and climbed in.

Conservative Party expressed outrage at news of the break-in. "It seems utterly incredible and breathtaking that someone should be able to worm his way into Buckingham Palace and the queen's own private apartment in this way," said Harry Greenwood, a member of Parliament.

INSIDE

Prices on the New York Stock Exchange were sharply higher as short-term U.S. interest rates declined. The dollar lost ground on foreign-exchange markets and gold prices surged. Page 13.

U.S. Republicans Fear Economy Won't Gain In Time for Elections

By Hedrick Smith
New York Times Service

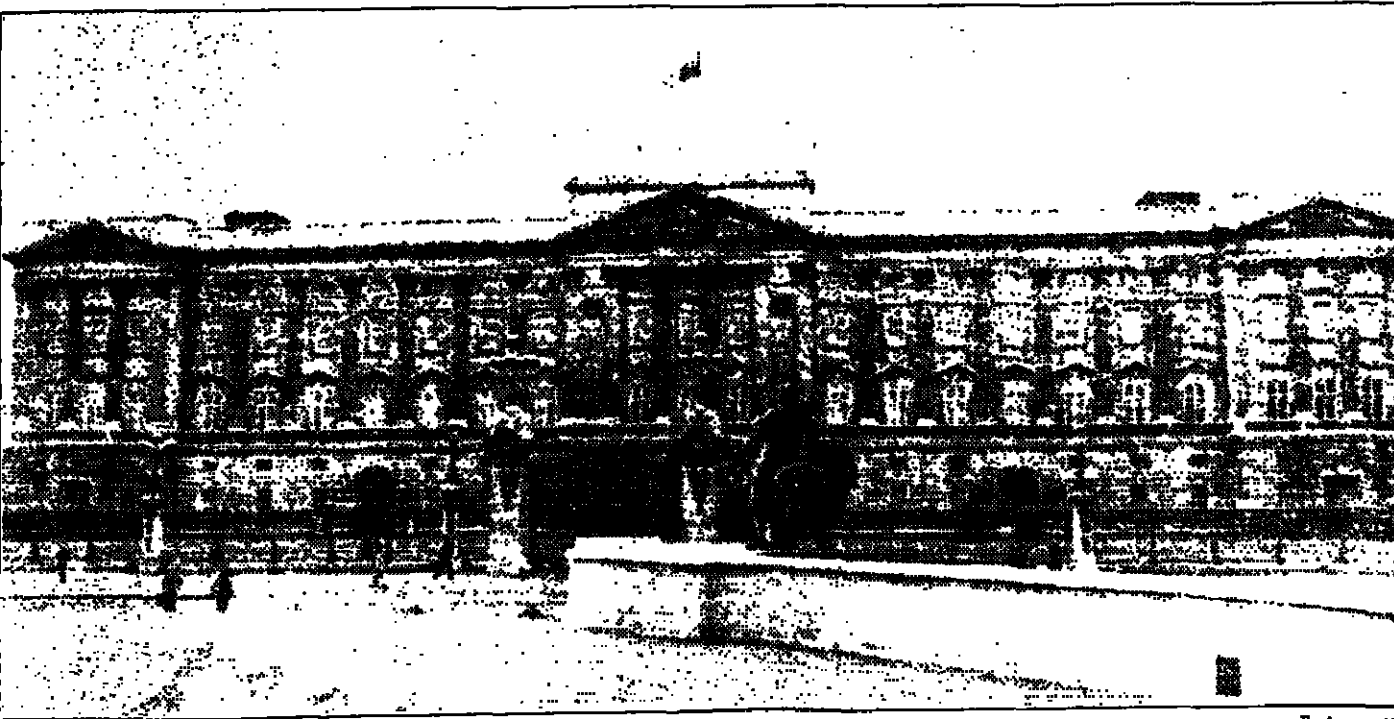
WASHINGTON — President Reagan has returned from an 11-day California break in need of quick, clear signs of economic improvement to protect the Republican Party from fall election losses that could be serious enough to jeopardize his precarious political coalition in Congress over the next two years.

Some presidential advisers, concerned about the political prospects, are discussing initiatives such as a summit meeting with President Leonid I. Brezhnev of the Soviet Union or some extension of unemployment benefits to bolster Mr. Reagan's leadership image or to counter Democratic attacks that his program has been unfair.

Last month's congressional compromise on the 1983 budget resolution did not bolster the confidence of the financial markets, and Republican congressional leaders admit privately to doubts that Congress will pass the appropriations bills necessary to carry out the resolution. One early test will be the fate of a \$21-billion tax bill passed by the Senate Finance Committee just before the July 4 recess.

Although Mr. Reagan said last Tuesday that the economy was already in "the beginning of an upturn," many private economists and business executives are skeptical. Mr. Reagan's own pollsters recently found that a majority of Americans felt the country was on the wrong track, although the president's popularity remained strong.

Because experience indicates a lag of three or four months for an economic improvement to have a broad impact on voters, Democratic pollsters such as Peter Hart say it is already too late for the Republicans. Republican pollsters, such as Robert Teeter, and even White House officials assert that the Republicans need a clear improvement in the next month or six weeks.



The front of Buckingham Palace showing the royal standard, which is flown only when the monarch is in residence.



Home Secretary Whitelaw



Queen Elizabeth II

Poll Finds Americans Side With Israel Over Arabs, but Doubts Rise

By Lee Dembart

Los Angeles Times Service

LOS ANGELES — The American public continues to side with Israel in its decade-long struggle with its Arab neighbors, but the invasion of Lebanon has raised serious concerns in the minds of many people, The Los Angeles Times Poll has found.

Half of the 1,102 people asked

Israeli Soldier Jailed for Visit to Her Boyfriend

The Associated Press

TEL AVIV — A woman soldier has been jailed for 21 days for sneaking into Lebanon disguised as a man to visit her boyfriend, the Israeli military command has said.

A military spokesman said Sunday that the woman, identified only as Corporal M., locked her hair under a hat, donned male army work clothes and hitchhiked across the border in a military vehicle footed military police of both sexes at the checkpoint.

Female soldiers are forbidden to enter Israeli-occupied Lebanon under a rule designed to prevent their capture and possible sexual abuse by an enemy.

The spokesman said the soldier got to her boyfriend, spent some time with him and then hitchhiked back to her base. But she made the mistake of bragging to her fellow soldiers about her escapade, and one of them notified military police.

She was sentenced last week by a military court, the spokesman said. Israeli newspapers said at least two other female soldiers have been jailed for trying to sneak into Lebanon, also disguised as males.

in a nationwide telephone survey last week said their sympathies were more with the Israelis than with the Arabs, while 18 percent said their sympathies were more with the Arabs than with Israel. The rest were neutral or had no opinion.

Americans of 2 Minds

At the same time, however, half of those polled said they thought the Israeli operation in Lebanon would make Middle East peace more difficult to achieve, and only 17 percent thought it would make peace easier.

Although the Israeli government maintains that its invasion was defensive, aimed at preventing attacks on its territory, that view was shared by only 27 percent of the Americans who were polled. Forty-two percent said they thought the Lebanon operation was aggressive and also aimed at knocking out the forces of a dangerous enemy.

The invasion has clearly left many Americans of two minds: sympathetic to Israel's goals, but unsympathetic to its means.

According to the poll, the largest group of Americans thought the Israeli forces, which now encircle Beirut, should finish the job of pushing the Palestine Liberation Organization out of Lebanon; should hold its position there until the Syrians agree to leave the country; should stay until a strong Lebanese government is established; should remain until a buffer zone is established between southern Lebanon and northern Israel, and should not get out of Lebanon right away.

But the largest group of Americans also believes that Israel should not have attacked Lebanon in the first place.

Support for Israel in the United States is actually as high as it was after the war in October, 1973, and higher than after the Camp David accords in September, 1978.

But the Arab position has also enjoyed rising sympathy in the United States. Only 7 percent of the American public sided with the Arabs after the 1973 war, 14 percent did after Camp David, and 18 percent do now.

Support for Both Sides Increased

Each side has shown an increase in its support because the number of undecideds and neutrals has gone down. Many people have now made up their minds for one side or the other.

While support for Israel has remained fairly steady all this year, the American public's view of Menachem Begin, the Israeli prime minister, has softened since January. Mr. Begin got 43 percent favorable impressions at the start of the year, 53 percent in March and 60 percent now.

Perhaps surprisingly, support for Israel in the United States tends to be greater among conservatives than among liberals, the traditional constituency for Israel.

Also, in the view of 39 percent of those polled, American relations with Israel have become worse over the last year and a half, and only 13 percent thought relations between the two countries had gotten better.

Town Turned Off by Headphones

New Jersey Community Acts to Reduce 'Traffic Hazard'

New York Times Service

WOODBIDGE TOWNSHIP, N.J. — On the ears of strollers and joggers, bicyclists and motorists, headphones are appearing in force here, and the town fathers have decided that enough is enough.

Woodbridge officials, saying they are the first in the nation to do so, have voted an ordinance to prohibit the wearing of headphones on the town's streets.

If the state approves it, the wearing of headphones will be allowed on sidewalks, but when a pedestrian steps over the curb he will have to leave the world of his tiny tape player or radio and return to the sounds of the street. The ordinance also applies to people riding bicycles and driving cars.

"We know there's going to be a tragedy," said Robert F. Gawronski, president of the township council. "People are driving their cars with these things on, totally oblivious to what's going on around them. If we can save just a few tragedies by this, it will be successful."

The ordinance must first be approved by the state Department of Transportation before it be-

comes the law in the nine communities that comprise the township. The approval process usually takes two weeks, Mr. Gawronski said.

William E. Baker, a spokesman for the Sony Corp. of America, one of the largest manufacturers of portable audio equipment, said that Sony would "watch and see what happens."

Our concerns are that the units not be labeled as unsafe," Mr. Baker said. "This is an ordinance where the individuals have to speak out and not the company."

The manager of the Woodbridge Stereo Center, Eugene N. Trone, said he thought the ordinance would be good for bicyclists and motorists. "Music is captivating, and if you put headphones on you're taking away one of your senses," he said. "I hate to see people on the highway jeopardizing their lives."

Mr. Baker of Sony said he did not think that the headphones eliminated other sounds. "The headphones are designed so that ambient sounds can be heard," he said. And the owner's manual for a Sony Walkman warns, "Though the supplied headphones are of open air construction, at high sound levels outside sounds may become inaudible."

Israel Conducts Political Warfare Against PLO in Occupied Regions

By David K. Shipler

New York Times Service

BETHLEHEM — With its troops on the verge of victory in Lebanon, Israel has opened a political front against the Palestine Liberation Organization in the occupied territories of the West Bank and the Gaza Strip.

Moving to take advantage of the PLO's weakened position in Beirut, Defense Minister Ariel Sharon has stepped up political and economic assaults on the organization's adherents and administrators in areas occupied by Israel since 1967. In the last week, two nationalist mayors have been dismissed, the activist student body of Bir Zeit University has been locked out of its campus and Israeli officials have scored some preliminary successes in finding moderate Arabs to assume positions of leadership.

"We're conducting a political war against the PLO," said Michael Green, spokesman for the Israeli administrative authority on the West Bank. "The army is conducting a military war. We're conducting a political war."

The outcome of this struggle, which began to take shape several months ago, is far from certain. Even the most optimistic Israeli officials, who probably underestimate the PLO's authentic appeal among West Bank and Gaza Arabs, concede that without a complete rout of the PLO, the Israeli authorities in Beirut, the effort on the West Bank and Gaza Strip may fail.

For both Mr. Sharon and Prime Minister Menachem Begin, the desire to hold the West Bank forever under Israeli control was a key motive for their war against the PLO in Lebanon, for they believed that if they could crush the guerrilla organization at its headquarters, they would free large numbers of moderate West Bank Arabs to cooperate with Israeli authorities without fear of being assassinated.

This is the operating thesis of Menachem Begin, an Arabic lit-

erature professor who has gone on leave from the Hebrew University to serve as Mr. Sharon's civilian administrator for the West Bank. He has termed the Arab moderates "the silenced majority." But other Israelis with long experience on the West Bank regard his view as simplistic and his method as primitive. Mr. Sharon refuses to be interviewed.

According to Danny Rubinstein, the Arabic-speaking West Bank correspondent of the newspaper Davar, there is little relationship between the PLO in Lebanon and the local residents' overt opposition to the occupation of the West Bank.

The basis for their activity is the situation in the West Bank, and not the situation in Lebanon. Mr. Rubinstein said. "It's not the PLO that encouraged and initiated activity in the West Bank. People in the West Bank, out of their situation today, are the source of the activity more than the encouragement from the outside. It is not a problem of the PLO. It is the de facto annexation of the West Bank which will create such resistance here. The resistance will be here as long as there is occupation."

The Sharon-Milson strategy has been to weed out the articulate, na-

tionist leadership, to inflict economic punishment on outspoken opponents of the occupation and to build up an alternate body of compliant leadership known as the village leagues.

Last March, Mr. Milson began selecting West Bank mayors, elected in 1976, for dismissal. He began with Ibrahim Tawil of Al-Bireh, a PLO supporter who, nevertheless, advocated a Palestinian state that would coexist peacefully next to Israel.

Then two radical mayors were ousted: Bassam al-Shaka of Nablus, and Karim Khalaf of Ramallah. Neither of them speaks of peaceful coexistence. The mayors of Anabta and Dura followed, and last week the mayor of Jenin was dismissed, followed Friday by Mayor Rashid Shawwa of Gaza.

Simultaneously, Mr. Milson and the army have tried to squeeze outspoken nationalists economically. Palestinians say that exporting agricultural and industrial produce from the West Bank to Jordan has become increasingly difficult; tomatoes harvested this year were blocked and spoiled, apparently because an agricultural cooperative that was involved had several radicals as members. In Nablus, Mr. Shaka's family soap factory has been badly hurt because Israeli authorities blocked the export of the soap, which is made from olive oil; the local market is insignificant.

In Gaza, which depends on its citrus crop, Mr. Shawwa said his packing house lost more than \$450,000 this year because truckloads of oranges and grapefruit were turned back by the Israelis at the Allenby Bridge into Jordan, without explanation. The food rotted.

50 Students Arrested

JERUSALEM (Reuters) — Police in Arab East Jerusalem arrested 50 Palestinian students who protested Monday against the closure of Bir Zeit University.

Israeli sources, meanwhile, said the government Sunday dismissed the head of the town council of Dir Dibwan, a West Bank village east of Ramallah, continuing a campaign to remove pro-Palestinian leaders in Israeli-occupied territory.

The council chief, Rashid Chizazi, was the third Palestinian leader to be dismissed in the past week for not cooperating with Israeli civil authorities in the occupied area.

Somalis Say Fighting Is Raging in Ogaden

Compiled by Our Staff From Dispatches

MOGADISHU, Somalia

Ethiopian combat planes pounded Somali troops positioned Monday in the frontier regions of Ballanbale and Galdogob in the 11th day of an Ethiopian advance across the Ogaden Desert into Somalia, the Somali government news agency reported.

The report said fighting was raging between Ethiopian mechanized troops and Somali infantry forces dug in along the border east of the Ethiopian-controlled Ogaden Desert, the scene of a five-year-old dispute between the two countries in the Horn of Africa. Somali radio said casualties were heavy.

Western diplomatic sources in Mogadishu said the clashes appeared to be on a very large scale. The sources said the Ethiopian attacks may have been launched to punish Somalia for lending support to the Western Somali Liberation Front. Somalia provides the rebel front with arms and a safe haven inside its borders.

President Mohammed Siad Barre of Somalia appealed Monday to the Organization of African Unity to intervene in the crisis to stop what he termed "the naked aggression of Ethiopia's invading forces." He accused "foreign interventionist forces" of supporting Ethiopia. Mr. Siad Barre did not identify the foreign troops, but Somalia had earlier criticized the presence of an estimated 15,000 Cuban military personnel, and 3,000 Soviet and East German advisers in Ethiopia.

Somali Guerrilla Report

Abdinasir Sheikh Adan, leader of the Western Somali Liberation Front, a guerrilla group composed

of ethnic Somalis fighting for the independence of the Ogaden region from Ethiopia, said at a news conference that his forces had killed thousands of Ethiopians and hundreds of Cuban mercenaries since the rainy-season fighting began.

In Mogadishu, Vice President Hussein Kumei Afrah told a mass rally that every able-bodied citizen should be ready to fight for his country. The demonstrators marched to the Soviet Embassy where there is now a staff of eight compared with several hundred before the Russians started arming Ethiopia in 1977 — shouting anti-Soviet slogans. No incidents were reported.

There has been no official Ethiopian reaction to any of the Somali statements of the last two weeks. However, a rebel group based in Addis Ababa, the Somali Democratic Salvation Front, maintains that its guerrilla forces — not Ethiopia's army — are responsible for the clashes. It describes the fighting as a purely internal matter between the guerrillas and the Somali government and asserts that it has "liberated" vast areas of the border.

Diplomatic sources said, however, that the intensity of the fighting seems to rule out the guerrilla assertions that they are acting alone.

Somalia and Ethiopia fought a three-year war over the Ogaden Desert beginning in 1977. Somalia invaded the territory but was finally driven back by a combined Ethiopian and Cuban force in 1980. The Ogaden, although part of Ethiopia, is populated mainly by ethnic Somali nomads who cross the border with ease.

From July 5th through August 27th, Monday through Friday, the International Herald Tribune will present the news in English at 10 a.m. on radio station RMC.

Ecoutez la radio qui vous écoute



Falklands Loss Leaves Argentina Groping Toward Uncertain Future

By Edward Schumacher

New York Times Service

BUENOS AIRES — One month after its forces surrendered in the Falklands, Argentina is a changed nation searching for a new direction.

The defeat — combined with an economic recession, three-digit inflation, the imposition of government control over a free-market economy, political confusion, international isolation and even the country's loss in the World Cup soccer tournament — have left many Argentines demoralized about their past and questioning the future. A mood of uncertainty hangs over the country.

"I feel dizzy," a businessman said. "All the traumatic shocks came together at once."

Gone are the signs of nationalistic euphoria that existed during the war. Federal television advertising and the billboards declaring "Las Malvinas son Argentinas," using the Argentine name for the Falklands.

Change Is Evident

These are some of the images that have replaced them.

Economics Minister José María Dagnino Pastore saying on national television that the economy is in "an unprecedented state of destruction."

Independence Day coming and going with no parades. There was only a mass for the ruling junta, in which the priest said in his homily that "fear, skepticism, distrust and partisanship abound in these difficult times."

Leader of a militant union federation, saying at a news conference that the unions "will not be forgotten again in this country."

Effect on Military

The immediate effect of the Falklands defeat has been on the ruling military itself. The three armed services have admitted to 613 dead and missing servicemen and almost 1,300 wounded.

The June 14 collapse of the defense at Stanley, the islands' capital, and the tales from returning soldiers of food and ammunition shortages and illnesses have left the military largely discredited in the public's eyes.

"This disaster is the result of improvisation," said the author Ernesto Sabato, "and reveals that our military men are not even fit to wage war."

Within the military, President Leopoldo Galtieri was forced to resign by army officers and was replaced by a retired officer, Maj. Gen. Reynaldo Benito Bignone. The air force and the navy, saying they were more responsive to public wishes, dropped out of the government because a civilian was not chosen as president.

Joint Rule Ended

Their defection ended the six-year-old Process of National Reconstruction, as the joint military government had called itself, and created a government run purely by the army.

The predictions of political anarchy and violence have not come true. Political and labor leaders say that is partly because of the military's promise of democracy by the end of Gen. Bignone's term in March, 1984. The civilians also credit his conciliatory style.

"He asked for help," said Carlos Costin, chairman of a five-party coalition, "and if the country keeps moving toward constitutionalization, he is undoubtedly going to find it."

The political truce, however, is fragile, according to political and labor leaders.

The military's promise leaves open the possibility of elections

More Buyers of U.S. Arms May Default, Agency Says

(Continued from Page 1)

developing countries facing unprecedented financial difficulty. Even the interest payments quickly become a substantial burden.

As long as there is some money in the Pentagon's reserve fund, defaults can be covered. But when and if this money runs out, as some fear could happen quickly if Egypt and Israel are unable to keep up, Congress will have to be asked to appropriate more.

This reserve fund has been used to cover defaults by 13 countries — Bolivia, Nicaragua, Ethiopia, Costa Rica, El Salvador, Liberia, Senegal, Tunisia, Zaire, Lebanon, Morocco, Sudan and Turkey, the last three of which are earmarked by the administration for more loans.

Anticipating these problems from Israel, Sen. Alan Cranston, Democrat of California, has proposed a formula in which the United States would guarantee Israel additional aid to pay back the earlier loans. The proposal has been denounced by Republicans who say it would be an open-ended commitment that would escalate aid to Israel and encourage other countries to ask for the same treatment.

Sen. William Proxmire, Democrat of Wisconsin, who commissioned the General Accounting Office study on military assistance programs, has warned that "action is needed to rein in the proliferation of military aid programs and hold them to account."

The loan program lacks a formal procedure for assessing the credit of the recipient countries. At the same time, officials have sent information about the impact that growing military debt in dozens of developing countries is likely to have on their ability to deal with social and economic problems.

"If the Department of Defense comes to us and says it will guarantee a loan, there's no reason for us to say no," said Peter Mackey, manager of the U.S. Treasury's Federal Financing Bank, which handles the guaranteed military aid loans with a staff of seven.

From the end of World War II until 1975, the backbone of U.S. military aid was the military assistance program, which dispensed \$53 billion in military equipment and technical assistance, including \$14.7 billion to South Vietnam. Then the United States shifted to the guaranteed loans.

In the case of Turkey and Sudan, which in this fiscal year received \$343 million and \$75 million in guaranteed loans respectively, the increased levels of guaranteed credits at market rates will cause them to have extreme problems making payments, according to a General Accounting Office staff study issued last March.

In 1981, the comments in the study continued, "Sudan could not make scheduled payments of \$365 million because export earnings were only \$575 million. The U.S. offering of \$75 million in new credits at high interest rates to a country as bankrupt as Sudan is unrealistic."

well before March 1984. Many younger political figures, frustrated after six years of being excluded from political activity and accusing the older party leaders of being too obliging, are demanding that the military step down immediately.

Economic Situation

Gen. Bignone has nonetheless forged ahead. He has lifted the ban on political activity. And he has promised to study the problem of the nation's more than 600 political prisoners and the more than 6,000 people who reportedly disappeared while in the hands of state security forces in the mid-1970s.

The average Argentine enjoys one of the highest standards of living in Latin America but has been the victim of a two-year recession. Since the beginning of the year it has cut real income by 40 percent, according to government figures. Unemployment in a nation not used to it has risen above 6 percent.

Then comes inflation. Retail prices rose 8 percent in June alone and are running at an annual rate of more than 100 percent, according to the government.

Economists say the war has had little economic effect on the individual Argentine, but the defeat, by politically weakening the mili-

tary, has forced it to abandon its free-market policies. Those policies focused on reducing inflation by allowing banks to raise interest rates and importers to bring in cheap goods. In the process, many national factories went bankrupt, fueling the recession.

The economic minister, Mr. Dagnino Pastore, has switched directions, introducing interest ceilings and import restrictions. He has greatly devalued the peso, has subsidized loans to business, and over the weekend, raised the minimum wage by 30 percent.

Rights Activist Held

BUENOS AIRES (Reuters) — A leading Argentine human rights activist, who founded a group seeking information about people who disappeared during the military's clampdown on leftist guerrillas, has been arrested in the southern province of Chubut, his wife said.

Angela Westerkamp said Sunday that her husband, José, told her in a phone call from the Tel Aviv police headquarters that he believes the Rawson federal court intends to press contempt charges against him because of critical comments on the province's federal judge he made to a local newspaper.

Military Sanctions

The White House deputy press secretary, Larry M. Speakes, said that Mr. Reagan had informed both Argentina and Britain of his decision. He added that no decision was made on lifting military sanctions that were imposed against Argentina during the Carter administration.

The economic sanctions, imposed after U.S. mediation efforts failed to prevent open warfare, affected only about \$8 million in trade and credits. The administration had suspended military exports to Argentina, withheld certification of Argentine eligibility for military sales and suspended new Export-Import bank credits and guarantees and Commodity Credit Corporation guarantees.

Reagan Lifts Sanctions

WASHINGTON (UPI) — President Reagan, hoping to strengthen U.S. "historic ties among na-

tions of this hemisphere," announced Monday that he was ending the economic sanctions imposed on Argentina during its conflict with Britain.

The president said in a statement that he decided to take the action "after a thorough review of the situation in the South Atlantic following cessation of the hostilities."

Block Wants New Soviet Grain Deal

WASHINGTON — Agriculture Secretary John R. Block urged President Reagan on Monday to lift the freeze on negotiations with the Soviet Union for a new grain sale agreement. Mr. Block said that he wants the United States to sell as much as Moscow can buy.

"The grainary door is open if they want to pay cash on the barrel head," Mr. Block said as he emerged from a White House meeting with Mr. Reagan. Asked how much grain the United States wants to sell the Soviet Union, Mr. Block said, "That's going to be the decision of the Soviet Union, if they want to buy more from us."

The secretary said that Mr. Reagan did not commit himself to any action regarding a new agreement. Mr. Reagan suspended negotiations in retaliation for the military crackdown in Poland, although sales continued under the old agreement, which expires Sept. 30. In fact, Mr. Block noted that the United States has offered the Soviet Union 13 million metric tons of grain this year but has been able to sell only 24 million metric tons.

Nicaraguan Meets With Mitterrand

PARIS — Daniel Ortega, coordinator of the ruling Nicaraguan junta, met for three hours Monday with President Francois Mitterrand. After the meeting, the French foreign minister, Claude Cheysson, acknowledged that arms deliveries had begun to Managua.

Mr. Ortega, who is in France on a two-day working visit, made no comment after his meeting with Mr. Mitterrand. Mr. Ortega is also scheduled for talks later with Prime Minister Pierre Mauroy, Defense Minister Charles Hernu and other high-ranking officials.

Mr. Cheysson said Mr. Ortega's visit shows the extent to which France supports the policy of independence in Third World countries. In a move that deeply upset officials in Washington, France signed a 90 million franc (\$13-million) contract in December with Nicaragua to supply "defensive" weapons to the junta. The contract involved mainly small arms and two Alouette helicopters, and Mr. Cheysson said that deliveries had begun.

British Rail Workers Face Furlough

LONDON — British Rail officials said Monday that the walkout by national railway workers could force the railroad to furlough up to 200,000 nonstriking employees this week.

British Rail scheduled a meeting for Tuesday to consider a shutdown of the system, which has been operating a reduced service for nine days in the hope that locomotive engineers would defy the union.

The strike has canceled 90 percent of 15,000 daily trains. British Rail and locomotive engineers are bitterly split over a plan to eliminate the 8-hour workday and substitute flexible shifts as an efficiency measure.

Iran Warns of Final Thrust Into Iraq

LONDON — Tehran radio said Monday that Iran is ready to make a final thrust into neighboring Iraq to topple the Socialist Ba'ath government of President Saddam Hussein, saying a "grand and historic battle" is in the offing.

"Having inflicted crushing blows on the mercenary Ba'athist Iraqi army, we are now about to end this imposed war through a grand and historic battle," said the state-run radio, monitored here.

Iran and Iraq have been at war since Iraq invaded Iran in September, 1980. Time magazine reported this week that U.S. reconnaissance photographs disclosed that Iranian forces are massing along the border with Iraq for a possible invasion.

Seychelles Bid Called 'Mercenary'

PIETERMARITZBURG, South Africa — The failed coup in the Seychelles Islands last November was a "purely mercenary effort," and not a South African military operation, a prosecutor said Monday.

Summing up his case against 43 mercenaries on hijacking charges, the prosecutor, Cecil Rees, said the defendant, Col. Michael Hoare, was a "selective liar with a very smooth and persuasive tongue," the South African Press Association reported.

The men are accused of hijacking an Air India jetliner to escape from the Seychelles when their plot was uncovered and fleeing the prior to fly them to Durban, South Africa. They face maximum 30-year prison terms if convicted of the four separate air piracy counts against them. Some of the defendants have insisted that they thought they were on a South African military operation.

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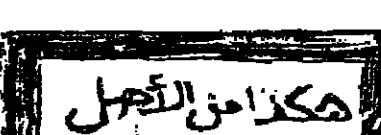
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Gandhi Loyalist Rated Controversial Favorite For India Presidency

By Stuart Auerbach
Washington Post Service

NEW DELHI — India is expected to elect one of Prime Minister Indira Gandhi's most faithful supporters as president amid opposition charges that Mrs. Gandhi has politicized the independent character of the job of head of state.

Zail Singh, a former home minister, is the overwhelming favorite to win the presidency in an indirect election by members of India's state assemblies and national Parliament, which are dominated by Mrs. Gandhi's Congress-I Party.

He is being opposed by a former supreme court judge, H.R. Khanna, who entered the race after opposition leaders failed to persuade Mrs. Gandhi to pick a consensus candidate. The voting was held Monday and the results are expected to be made known Thursday.

While India's president is largely a ceremonial figure, he is the commander in chief of the military forces and the glue that holds the country together during times of political instability. The president, for instance, chooses the person to form a new government after a parliamentary no-confidence vote, and thus is in a position to influence the future course of the country.

Traditionally, the president has been a man of stature who has remained above party politics.

Although Mr. Singh is a strong Gandhi partisan, he has promised to be nonpartisan if elected. "I will not permit the opposition or the Congress-I to establish an office in the Rashtrapati Bhavan," Mr. Singh said, referring to the imposing red sandstone president's house originally built for the British viceroy.

Mr. Singh, 66, is considered by many to be inept as a politician. This spring he praised Hitler in a parliamentary speech that embarrassed other Gandhi aides so much that they had his remarks expunged.

He appears to have been picked for president by Mrs. Gandhi because of his loyalty to her, her party and her family.

"If my leader had said I should pick up a broom and be a sweeper, I would have done that," he said in a statement that revealed his devotion to Mrs. Gandhi, since being a sweeper is considered demeaning in India.



Zail Singh casting his ballot in India's presidential election.

Dissidents' Cause Cited by Inciter of S. Korean Arson

The Associated Press

SEOUL — The admitted leader of an arson attack on the U.S. cultural center in the southern port city of Pusan last March said in court Monday that the fire was a tactic to draw attention to the cause of South Korean dissidents, according to news reports from Pusan.

Moon Boo Shik, 23, a former theological student on trial with 15 others for the arson, said leaflets were not enough to let people know the "truth" because of what he called a muzzled press.

He was accused of leading the arson attack and having some of the defendants scatter leaflets calling for the pullout of U.S. troops in South Korea and the ouster of President Chun Doo Hwan's government. Under earlier questioning from the prosecution he admitted that he directed the arson attack.

But during cross-examination by his lawyer, Mr. Moon denied prosecution charges that he is a Communist sympathizer. He said he hates Communism because it destroys democracy.

One student was killed and three were injured in the fire, which caused extensive damage to the U.S. government facility.

Mr. Moon said he and others were protesting U.S. policy that he claimed condoned the Seoul government's crackdown on the 1980 rebellion in Kwangju. The court session is to continue next Monday.

Support From Sikhs

The Indian Express, a leading opposition newspaper, said his main qualification for being India's seventh president was "his total and complete loyalty to the prime minister."

His nomination, however, won great support among India's small but prominent Sikh religious minority. If he wins as expected, Mr. Singh will be the first Sikh to be president.

His victory may quiet complaints of discrimination by India's 13 million Sikhs. Mrs. Gandhi is known to be concerned about a minuscule but vocal separatist movement to form a Sikh nation of Khalistan.

GI in Tank Incident Named

MANNHEIM, West Germany — U.S. Army authorities Monday identified the soldier who drove his tank on a rampage through the city center Saturday as Pvt. Charles F. Keefer, 20, of Berwick, Pa. Pvt. Keefer died when the tank plunged from a bridge into the Neckar River. "We do not know his motive," an army spokesman said.

Despite U.S. Pressure, Zia Appears Unlikely to Ease Martial-Law Rule

By Stuart Auerbach
Washington Post Service

ISLAMABAD, Pakistan — Despite promises to hold elections almost from the day he took control here, Gen. Mohammed Zia ul-Haq has failed during his five years of military rule to establish the foundations needed to restore democracy to Pakistan.

The continuation of an unrepresentative, martial-law government here has aroused concern in the West, especially the United States where the Reagan administration has embarked on a \$3.2-billion military sales and economic aid package designed to shore up Pakistan as a front-line defense against Soviet expansion.

"The fact that Pakistan has a martial-law government has been a source of continued reservations among important sectors of opinion in the United States," U.S. Ambassador Ronald P. Spiers said in a Karachi speech, which is reported to have upset the military rulers here because of its unusual frankness.

While the U.S. ambassador stressed the improved relations between Washington and Islamabad after more than a decade of strain that included the burning of the U.S. Embassy almost three years ago, he bluntly listed four vulnerable areas including the Zia government's failure to move ahead with elections.

The other problem areas were Pakistan's clandestine nuclear weapons program, which Mr. Spiers warned could jeopardize the new close ties if the Zia government exploded an atomic device or began reprocessing spent fuel; the flow of illegal narcotics from here to the United States, where 70 percent of illegal heroin sold on the

replace him. Many here believe that Gen. Zia's talk of holding elections is aimed at public opinion in the United States and other Western nations, which supply most of the \$1.6 billion in foreign aid needed to keep the country going.

Part of what one Pakistani political observer described as public indifference to politics seems to stem from the limited level of repression used by the Zia government, as compared to other military dictatorships.

While there are political prisoners — the opposition early this month put the number at 2,300 — Pakistanis feel free to talk openly against Gen. Zia without fear of midnight arrests or sudden disappearances.

Even Gen. Zia's opponents acknowledge that the present government is less harsh and vindictive than in the last years of the constitutionally elected government of Zulfikar Ali Bhutto, whom Gen. Zia ousted in an Army coup July 5, 1977. Mr. Bhutto was hanged two years later.

Gen. Zia has been very adroit in his dealings with Pakistan's politicians, who, with the possible exception of Mr. Bhutto's widow Nusrat and his fiery 28-year-old daughter Benazir, have become ineffectual, spent forces, with few supporters. "They have failed to galvanize the people to their side. I don't think the people see an alternative personality to Zia," said one diplomat.

Even the Movement for the Restoration of Democracy, a coalition of eight political parties including Mr. Bhutto's Pakistan People's Party, has failed to gather street support needed to overthrow Gen. Zia.

The 58-year-old general-turned-president promised when he first seized power to hold elections within months. He acted then as a reluctant ruler forced by widespread civil unrest to take over the country for a short time.

As he finishes the end of what would have been a full five-year term of a constitutionally elected president, Gen. Zia now appears more deeply entrenched than ever.

Western Sahara Mines Reopen After 6 Years

RABAT, Morocco — After being shut down for more than six years by guerrilla attacks, the Bou Craa phosphate mines in the Western Sahara have been reopened, officials said Monday.

The mines had been practically at a standstill since December, 1975, because installations were wrecked by guerrillas of the Polisario Front, who are fighting Morocco for control of the desert area, formerly ruled by Spain.

The report also notes that Vietnam's economy grew by nearly 3 percent last year — a "modest recovery" from the declines of the previous two years — and that agricultural output continued to grow. Taxes, moreover, were said to have been collected more efficiently than before, and from incomes that reflected last year's inflation, estimated at 100 percent.

The report proposes that the fund's executive board urge Vietnam to end its system of offering better-than-official exchange rates to Vietnamese citizens and tourists who bring in hard currencies from abroad. The board is also asked to urge Vietnam "to terminate the bi-

lateral payments arrangements that are maintained with fund members."

Vietnamese planners told the study team that income from exports, which has declined for three years in a row and which fell sharply last year, had been expected to rise by 22 percent last year and that is expected to rise 38 percent in 1982.

The report notes, with approval, several measures taken by the government that might help achieve such progress, including production bonuses, the granting of authority to selected exporters to use their foreign exchange income to import their own needed materials, "the granting of greater autonomy to certain trading firms in Ho Chi Minh City," and, particularly, the devaluation of the dong in July, 1981, which may have made exports more competitive.

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IMF Doubts Vietnam Can Make Debt Payments

By Colin Campbell
New York Times Service

HO CHI MINH CITY — The International Monetary Fund has produced a report on Vietnam's economy that, while pointing to recent improvement in some sectors, nonetheless casts doubt on whether the country can meet its year's scheduled payments on its external debt.

A copy of the confidential 20-page report, dated April 29, was made available here by non-Vietnamese sources.

Although citing improved performance last year in the production of food, cash crops and light industrial goods, the report expresses disbelief at the predictions of Vietnamese officials that increased exports and foreign aid this year will suffice to retire a 1982 debt service obligation estimated at \$237 million to Vietnam's non-Communist creditors alone.

The nation's debt in "nonconvertible currencies" — mostly to the Soviet Union — was said to stand at \$2.2 billion of the total \$2.5 billion. The report said the debt rose by \$500 million last year. Vietnam's reserves of foreign exchange, which were \$98 million at the end of 1980, had sunk to \$16

million at the end of last year and were "completely exhausted" by February of this year, the report said.

The study is based largely on statistics provided by high-level Vietnamese officials in the ministries of finance, trade, industry, banking and planning who consulted with a team of IMF economists in Hanoi in February. The consultations were occasioned, in effect, both by Vietnam's \$70-million indebtedness to the IMF and by the country's expressed interest in borrowing more money from non-Communist sources.

The report says that last year, Vietnam slipped \$38 million behind in paying its external debts. "An early elimination of outstanding payments," the report says, "is essential for avoiding further erosion of confidence and the disruption of trade and payments relations."

As of the end of last year, the report says, Vietnam's outstanding debt to non-Communist nations included \$311 million to Iraq, \$172 million to Algeria, \$133 million to Japan, \$121 million to France, and lesser amounts to the World Bank, Denmark, India, Italy, Libya, the Netherlands and Britain. Vietnam also owed \$251 million to private

creditors, mostly banks in Europe and Japan.

The IMF, which advanced Vietnam \$43 million last year, now suggests in its report that Vietnam may be incapable of repaying its debts, or of acquiring the hard currency it needs to import machinery, raw materials and other necessities, unless it rapidly alters its economy.

The report strongly recommends that Vietnam reduce its food, fuel and other subsidies for civil servants and employees of state enterprises. These subsidies were maintained last year despite a devaluation of the dong, a 100-percent pay raise for government workers and the introduction of measures that allowed previously controlled rice prices to go up by 400 percent and those of other agricultural prices by as much as 600 percent. Consumer subsidies, as a result, quadrupled last year, leaping from 3 to 7 percent of Vietnam's gross domestic product.

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lateral payments arrangements that are maintained with fund members."

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Gen. Mohammed Zia ul-Haq

and gives all signs of having grown to like ruling Pakistan.

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Herald Tribune

Published With The New York Times and The Washington Post

Maneuvers in Indochina

From THE NEW YORK TIMES:

Vietnam says it is withdrawing a "significant" number of its troops from Cambodia and it offers to pull out more if Thailand will stop giving asylum to hostile Cambodian guerrillas. Those guerrillas, meanwhile, have come under the nominal control of a coalition led by Cambodia's former chief of state, Prince Sihanouk. It would be gratifying to believe that these developments will benefit the ill-used people of Cambodia.

It would also be premature. There is an Indochina war for hearts and minds every year at about this time, but it is mostly for the benefit of the United Nations. In a cynical annual ritual, the UN decides each September whether Cambodia's seat shall continue to be held by the murderous Pol Pot Communists or by the pro-Vietnamese Communists installed by the invaders.

The Reagan administration, like the Carter administration, has given its vote to Pol Pot, mainly as a favor to China, his patron. To make this support more palatable, a different look has been given to the Pol Pot group. Purportedly, it is now a partner in Prince Sihanouk's insurgent coalition. But Pol Pot's Khmer Rouge retain firm control of the main guerrilla armies. Prince Sihanouk's function is to prettify them in his best flamboyant style at the General Assembly this fall.

Hanoi, too, is playing games. It hopes to end its regional isolation by playing upon the differences among its non-Communist neighbors, and to cut down Pol Pot's United Nations majority. Any Vietnamese withdrawal from Cambodia are welcome. But a truly significant withdrawal would have to promise a new political order — a genuinely autonomous and neutral Cambodian regime.

On Standards of Living

From THE WASHINGTON POST:

A strong sense of a declining standard of living has haunted American politics for nearly a decade. It began in 1974 with the enormous jumps in food and fuel prices, and since then it has been a constant consideration in three successive administrations' thinking about economic policy. But the basic question about this decline is whether it ever actually happened. In the past year the recession has brought unquestionable reductions. But the longer trend is less obvious.

However notable it may have been for other reasons, 1974 was not a turning point in American habits of consumption. But the years 1977-1980 — in political terms, the Carter years — were a little different. With the unusually rapid inflation in real estate, people greatly increased the share of their total spending that they put into housing. Something had to give, and for the first time in a generation it was spending on automobiles. That was very bad news for Detroit. But was it a sign of financial strain in American families — or merely an indication that they thought houses were better investments than cars? In those years there was a small reduction in the share of consumers' spending that went into recreation and, very slightly, into foreign travel. But people did not cut back on private school and college tuition for their children, and they continued rapidly raising the share that went to medical bills.

Certainly there were people who had the feeling that the 1970s less well off than they entered it. But in the national averages there is no evidence of decline. On the contrary, the figures show clear progress in directions that unambiguously indicate for most people, in at least the economic sense, better lives in 1980 than in 1970 or even 1974.

Perhaps the present recession will change that trend. It is quite true that some of the improvement in the late 1970s was bought at the price of an inflation rate that could not have been sustained. New and different policy, by 1980, was essential. But it is useful to remember that its purpose was not, as the Reagan administration occasionally seems to think, to rescue a falling standard of living. By the end of the decade, the American standard of living was higher than it had ever been. It would be a melancholy irony if it turned out that a false diagnosis by the administration led it into precisely the decline that it was mistakenly seeking to remedy.

Most Americans find it very difficult to believe that the country has grown substantially richer in the last decade. The very sug-

gestion runs counter to years of lamentation by politicians and economists alleging a long-term decline in standards of living.

Nevertheless, personal income per capita last year was higher than ever before — higher even after inflation, higher even after income taxes. But people seem to mistrust that kind of statistic and ask, reasonably enough, what the money buys. The record of the 1970s is a great deal better than the public pessimism of the period indicates.

The best single measure of the quality of physical life is simply longevity. At the beginning of the decade, life expectancy at birth for an American was 70.8 years; in 1980 it was 73.6 years — an enormous increase, and the most rapid advance since the 1940s. This reflects not only the state of medical care but diet and the broadest definitions of living and working conditions.

Another basic factor in the standard of living is housing. In the 1970s the number of housing units rose more than twice as fast as the population. Crowding decreased. Housing conditions have for some time been good enough that the numbers of homes without running water or electricity is no longer significant. In 1970 slightly over one-third of all American homes had air conditioning; currently, well over half do.

Access to education is crucial to most people's idea of the standard of living. A decade ago, one out of nine adults in America had had four years of college; by 1980 it was nearly one out of six. College and university enrollment at the beginning of the decade was 8.6 million; at the end it was 12.2 million.

The list could be continued. The challenge to the historians of these years will be to explain why so many Americans thought that the national economy and living standards were in decline when, by most measures, things were going pretty well. No doubt much of the answer lies in the fears generated by inflation and rising unemployment.

But there is more at stake here than detached historical interest. The Reagan administration came to office burning with the conviction that it had to deal with a deeply embedded, long-term decline in American economic performance. That was a mirage. The threat was inflation. It had got badly out of control in the Carter years, and Americans had used it to keep the standard of living rising a little faster than the country could afford. But the perception of fundamental, structural economic decline was wrong — which entitles you to doubt that the present administration is right in its prescriptions for fundamental, structural economic reforms.

Other Editorial Opinion

Jaruzelski and the Debt

Hints of a further relaxation of martial law later this month have been made in Warsaw, but if this materializes it is likely to be minor. Thus, Western governments are unlikely soon to get the lifting of martial law, release of internees and resumption by Gen. Jaruzelski of dialogue with Solidarity and the Church — the three conditions NATO set for removing economic sanctions. In these gloomy circumstances, Western governments would do better to discuss re-scheduling, which actually places more of a financial constraint on Poland than refusing to discuss its debts.

Poland is at present getting off scot-free from its debts, while re-scheduling would require it to pay at least some interest and fees.

— The Financial Times (London).

Why Help Endanger NATO?

"I think there was disarray with our European allies. I think that has been largely eliminated, and they have confidence in us once again," President Reagan says. Apparently he hasn't been reading the papers.

Foreign ministers of the European Community have expressed "grave concern" that West Germany's Schmidt said the administration is hurting the Western alliance. Even best friend Margaret Thatcher zinged the White House for its wrongheadedness. In such anger some foreign policy scholars see the seed of the disintegration of the Atlantic alliance, which would imperil the free West.

What are the aggravations? High U.S. interest rates, which bleed Europe's sick economies of investment funds, and the perceived U.S. support of Israel's aggressive behavior. There are also new tariffs that will price European steel out of the U.S. market. But primarily there is Reagan's continuing assault on the Siberia-to-West Europe pipeline, forbidding use of equipment manufactured abroad under U.S. license for the pipeline.

The embargo may be illegal and is certainly futile. It will only delay construction two years. The Europeans have irrevocably signed contracts to help build the pipeline and to buy gas that will flow from it. Since NATO's birth, the Soviet Union has aimed to destroy it. Why should a fiercely anti-Soviet administration in Washington help?

— The Chicago Sun-Times.

Wrangling in Bonn

The Bonn coalition has little remaining energy for constructive policies, most of its time being taken up with the day-to-day process of surviving intact. There is no visible light at the end of the tunnel, and even when projected wrangling produces patched-up agreement on individual pieces of action, the next crisis is always just around the corner. For what is dragging the two governments apart is not policy details but considerations of sheer political survival.

— Neue Zürcher Zeitung (Zurich).

A Case for a Strong U.S. Plan For Israeli-Palestinian Peace

By Granville S. Austin

WASHINGTON — Polls, editorials, letters, articles and advertisements show that Americans realize that satisfying Palestinian national aspirations is as necessary to peace as assuring Israel's security. It is from this public realism that the "opportunity" comes for peace between the Arabs and Israel.

President Reagan and his new secretary of state can now formulate an effective peace policy. But first the president needs to free himself from several misconceptions.

He must disabuse himself of the Israel-born notion that "one has to differentiate between the PLO and the Palestinians." The PLO leads Palestinian nationalism.

He must learn that the United States has nothing to gain and much to lose from his intended return to the Camp David autonomy talks. They will be long resuming. If resumed, Israel does not intend them to produce what it invaded Lebanon to prevent: Palestinian self-determination on the West Bank. Israel will continue to manipulate the Camp David accord for its own ends.

Indeed, a convincing argument can be made that Israel has abandoned Camp David. It has said that it will never relinquish possession of the West Bank, and it has unilaterally redefined the word "autonomy" in

negotiating position. These reasons have no validity today.

The two sides are so entrenched in their positions that only the United States can shake them loose. And Israel is no longer negotiating. It is imposing its own policy of lebensraum.

The U.S. peace plan should include the principles and formulas for all aspects of a just, fair and comprehensive peace. It should be based on UN Resolution 242's basic trade-off of territory for peace and on the mutual right of Palestinians and Israelis to self-determination and security, and it should include international and on-the-ground safeguards to sustain peace. The plan would also provide for normal political, cultural and commercial relations.

The administration would publicize the plan widely and vigorously. Then the parties would be given only a brief period to subscribe to it and a slightly longer time to negotiate the details of a treaty. The implementation time should also be short, except for the provision normalizing relations, because a long transitional period would allow opportunities for hard-liners and for the unpredictable to upset the agreement.

The world rightly insists that the PLO, as the voice of the Palestinians, acknowledge Israel's right to a secure existence. Not talking with the United States, the PLO has not been allowed to join in past negotiations despite its desire to do so, so its intentions have not truly been tested. Calls for the PLO or Israel to make the first gesture toward the other have proved fruitless. The United States must talk with the PLO to obtain its adherence to a peace plan and constructive treaty negotiations with Israel.

The PLO Is a Process

By Fawaz Turki

PARIS — One certain consequence of the war in Lebanon will be reassertion of the fact that the Palestinian question is central to war and peace in the Middle East.

Israel's aims in Lebanon are clear to Palestinians. They are to destroy the PLO as a politico-military organization and thus, with the Palestinian community leaderless and fragmented, bring about a settlement responsive to Israel's designs of permanent occupation of the whole of Palestine (preferably without Palestinians), and peace agreements with the neighboring countries similar to the one that it concluded with Egypt.

This logic derives from the notion that the Palestinian national struggle hinges on the fortunes of the organizational structure of the PLO. Destroy the structure, and you destroy the complex energy that animates it.

This is not only a primitive view of the dynamic of Palestinian nationalism and the pivotal role that the struggle for Palestine has traditionally played in the historical experience of the Arab world, but it has no basis in material reality. True, the PLO is a structure; but

more than that, it is a process — a process by which 4 million Palestinians relate to the world around them. Even in the unlikely event that Israel's devastating war against Palestinians in Lebanon will result in the complete collapse of all the PLO's institutions, from the executive committee to the Palestine National Council, from the Palestine National Fund to the Palestine Research Center, from the General Union of Palestinian Students to the Palestine Samed Workshops, and the collapse of other social constructs that touch on the lives of virtually all Palestinians in the world today, it is doubtful this will help Israel.

For almost immediately after such a collapse, Palestinian society will reassemble. The reformation of a structure for Palestinian nationalism is not only assured, it will have a more militant posture of national sensibility. Israel will have gained nothing from this war.

The writer is president of the General Union of Palestinian Writers in North America and author of several books, including "The Disinherited: Journal of a Palestinian Exile."

Israel's Urgent Interest

By Yirmiah Yovel

JERUSALEM — Many Israelis ask themselves how the operation "Peace for Galilee" has led their army to Beirut. They criticize the extension of the war beyond its original objectives.

They feel manipulated by their own government, as it seems to have been manipulated by Defense Minister Ariel Sharon. They deplore the suffering of innocent civilians, both Lebanese and Palestinians, who have been caught between two hatreds, victims of the cynical strategy of the Palestine Liberation Organization, which made them its hostages and of the massive and morally questionable use of Israel's military machine.

Few Israelis would deplore the hard blow suffered by the PLO. It has declared itself a deadly enemy of Israel, sought its destruction as a political entity and threatened the lives of all its citizens. Since its creation, the PLO has said "no" to any compromise, ensuring political stagnation and blocking any resolution of the Palestinian problem.

The blow suffered by the PLO changes nothing at the root of the problem. With all its intransigence, the PLO expresses the real national consciousness and collective will of a people that demands a homeland. This fundamental fact cannot be changed by armed force.

Israel can break the military organization of the PLO but not the self-awareness of the Palestinian people. Israel's problem, therefore, is political. There is a radical difference between, on the one hand, a

war on the PLO that becomes a war on the whole Palestinian people because it leaves it no hope and no political alternative, and, on the other, a blow to the PLO accompanied by an offer to the Palestinians to reach a just and honorable compromise with Israel.

Unfortunately, Prime Minister Menachem Begin's policy leaves the Palestinians no workable alternative. The autonomy as offered them now is empty; and, as Begin's government has openly declared, the permanent arrangement it will seek is the annexation of the West Bank and Gaza. For the Palestinians, even moderate ones, this must mean despair, impasse and heightened terrorism. For Israelis, this would mean that Israel would become an eternal warrior.

The preposition behind this attitude is that Israel, regardless of what it does, is condemned to a 100 Years War with all the Arab people, whom it must learn to divide and combat, selectively signing a treaty with one while crushing the other. This is a fatalistic vision, for it despairs of Israel's capacity to affect its own future, and especially because in such a permanent war Israel's chances of survival are slim.

Israel's urgent long-term interest is to offer a workable political compromise to the Palestinian people.

The writer is professor of philosophy at the Hebrew University and author of "Kant and the Philosophy of History." He contributed this comment to The New York Times.

security, as they do now, the United States is free to put its own security first. A comprehensive U.S. peace plan, however, would enhance Israel's security as well as America's.

These would not be incentives to the Begin government. Begin would fight a U.S. peace plan — seeing it as a threat to Israel's security — with whatever weapons he could command, armed with the belief that Israel's counter-leverage makes it immune to U.S. leverage. He would try to fuel fears that America and Europe were going to let Israel down, as they have let Jews down in the past.

Able neither to entice Begin with a carrot nor persuade him with a stick, and pledged to support Israel, how can the United States pursue an independent policy and propose a peace plan? The imperfect answer is only partly that the Begin government will not be overruling. A more important part of the answer is that moderate part of the Jewish community in Israel and that moderate Jews and others increasingly seek a just settlement.

At the tactical level, the administration could decide that what is sauce for the goose is sauce for the gander. Israel has exacted great influence over U.S. policy-making — why not the reverse? At the strategic level, when Israel's policies endanger U.S.

the writer is former State Department director of research and analysis for the Near East and South Asia. He contributed this comment to The Washington Post.

Befriend the Nationalism of Peoples, Not Their Oligarchs

By Robert S. Leiken

WASHINGTON — To oppose growing Soviet penetration in Latin America, the United States should befriend not the "authoritarianism" of the oligarchs and generals but rather the nationalism of the people.

The Reagan administration enlisted the Argentine junta for its crusade in Central America. Now the Argentine military is the hottest new candidate for Soviet arms, while U.S. Central American policy is in disarray.

The United States' response to the conflict over the Falklands (I prefer to call them the Malvinas) demonstrated once more a profound, persistent underestimation of Third World nationalism. Meanwhile, Moscow rhetorically appealed to Latin Americans' anti-

colonial sentiment, scoring propaganda and diplomatic victories throughout the region.

It sought to use the conflict to forge a missing link in its Argentine strategy: popular consent for Soviet ties. The Soviet press, the embassy in Buenos Aires and the local Communist Party loudly backed Argentina's cause, depicting Moscow as a true friend, which, unlike Washington, did not betray Argentina in its time of need.

The campaign's success was arguably registered in a prolonged standing ovation that Argentine spectators gave the Soviet Union's touring World Cup soccer team in the spring.

Soviet players dashed across the field to embrace goal-scoring opponents.

Moscow's wooing of the Argentine masses began with the Malvinas crisis, but Argentine generals, gentry and exporters are all old Soviet pals. Under the junta, Argentina became Moscow's leading trade partner in the developing world. In international forums, the Soviet Union tranquilly blocks discussion of Argentine human rights violations. The junta reciprocates by tolerating the local Communist Party while savagely repressing its leftist competition. The party in turn offers "critical support" and inventive defenses for the "progressive" and "democratic" military regime.

The Soviet cover-up of the junta's human rights record has outraged Argentina's nationalist civilian opposition. The political parties, not the anti-Communist military, offer the strongest resistance to Soviet penetration. They have vigorously opposed the purchase of Soviet arms, long advocated by the military.

A former economics minister, still a leading Peronist, Antonio Cafiero, holds that the junta's policies create "structural dependence" on the Soviet Union, facilitating increased Soviet political influence. The junta's economics favor the oligarchy's agricultural exports while penalizing industry. More than one-third of Argentina's exports, now predominantly agricultural, are sold to the Soviet Union. The same proportion went to Britain half a century ago.

The nationalist opposition does not wish to substitute a new form of colonialism for the old. The Reagan administration has little to fear and much to gain from loosening its embrace of the junta and supporting the formation of a civilian government.

The administration's support for authoritarianism, Argentine-style, extends to Central America. It was with the administration's blessing that Argentine mercenaries joined Honduran troops and former Nicaraguan National Guard members in harassing the San-

dinista government in Nicaragua. This outside intervention only strengthened pro-Soviet Sandinista leaders, who were able to co-opt Nicaraguan nationalist sentiment and attack the democratic opposition as traitors.

In El Salvador, the administration spurred negotiations with the opposition, discounting prevailing nationalist, nonaligned tendencies within both civilian and guerrilla organizations. Now the United States is aligned with rightist military officers and a resurgent oligarchy, while the Christian Democrats are being edged out of power.

The Russians have played each U.S. misstep to their advantage. But their own colonialist policies reverberate across the ocean. The Soviet invasion of Afghanistan and especially the suppression of the Polish workers have alienated much of the Latin American left. The Mexican Communist Party has condemned these actions, and opposition to serve pro-Soviet parties has spread within the Venezuelan and Chilean left.

Eden Pastora, Nicaragua's legendary Comandante Zero, has broken with Sandinista leaders, denouncing the betrayal of the revolution to the Soviet bloc. Among the Salvadoran guerrillas there is mounting mistrust of Moscow. These pressures recently obligated Cuban leaders publicly to criticize Soviet positions on Afghanistan and Poland.

The legitimate nationalism of Latin Americans who do not wish to be in the pocket of either superpower is, as elsewhere in the Third World, a potent force of resistance to Soviet expansionism. Nonaligned governments such as those of Venezuela and Mexico are more effective barriers to Soviet penetration than the Somozas, the D'Aubignys and the Galvies. When allowed to choose between non-alignment and Soviet influence, Latin Americans will opt against Moscow.

The writer directs the Soviet-Latin America project at the Center for Strategic and International Studies, Georgetown University. He contributed this comment to The New York Times.



"The door was open — mind if I come in?"

But Who Really Needs Super-Cow?

By Daniel S. Greenberg

WASHINGTON — The notion that small is beautiful gets good press. But there is something about jumbo-whopper-super-scale, whether in skyscrapers, hamburgers or jet planes, that modern instincts cannot resist. And now, as might be expected, the bigger-is-better theme has turned from the intangible to the living: Super-cow, an elephant-size, milk-producing beast, is being developed by bio-engineers at the University of Minnesota.

The development of this wondrous macro-bovine, it is worth noting, is under way at a time when storage facilities are so overflowing with surplus dairy products that even the tightfisted Reagan administration has resorted to cheese giveaways.

What, then, is the inspiration for developing a dairyland behemoth with triple the output of today's highest-level performers? The answer is that it is being done because recent developments in gene splicing and cloning make it possible for it to be done. The fact that such super-beasts — assum-

ing they are successfully developed — might produce further economic chaos in an industry that is already in turmoil from overproduction does not enter into the question of whether the research should be performed.

In agricultural as in other research, freedom to look is the governing rule. The assumption is that after a discovery has been made or a capability achieved, people outside the lab will decide what to do about it.

The difficulty is that new technologies often have a superficial attractiveness — plus drum-beating propensities — that enable them to get a foothold in the economy before there is an opportunity for serious thought about what effects these newcomers might really have.

Nuclear power, with its early post-war history of heavy public relations and extravagant promises, is the leading example of the overselling of a technology that was developed not because it was needed but because it was possible. Now that nuclear power's true costs and potential hazards

are a matter of general concern, the public and the utilities have turned against it, and the once promising industry could easily become a monument to extraordinarily costly technological foolishness.

There have been many attempts in recent years to develop the means for looking over the technological horizon. The U.S. Congress, for example, is equipped with (but doesn't often listen to) an Office of Technology Assessment, charged with trying to foresee the effects of new technologies. Many kinds of big projects must be preceded by the preparation of federally mandated impact statements.

But, in general, the new and big create a lure that is difficult to resist, even if it leads to tears later on. Super-cow, big in all respects, including cost, will not decelerate the elimination of family farms that is now occurring throughout the country. And its prodigious productivity will not help one bit with the country's mountainous accumulation of dairy surplus. But try to stop it.

LETTERS TO THE EDITOR

A Zero Variant

Regarding "How to Play the Nuclear Arms Race" (JULY 26): If the superpowers find it so difficult to negotiate a reduction in nuclear arms, perhaps it would be easier to negotiate an increase from an assumed position of zero. This new twist to the "zero option" should be explored.

LARRY L. CHESHIRE, Kinshasa, Zaire.

People Forget

Congratulations on your editorial page of June 22. With reference to "An Unheard Message From Scared Children" and Jacob Bronowski's idea of preserving history as a "war memorial," I remember reading a letter to the Paris Herald just after the war at a time when there was a big debate as to where to put the seat of the United Nations, and the author suggested alternate sessions in Berlin and Tokyo. Both cities were in ruins from the war, and the idea was to remind delegates of what they were there for.

Flag Watching

I have been watching the Letters section to see if I was the only reader who noticed that starting May 17 a new flag has been flying over your masthead. I think it is fine, crisp piece of calligraphy, carefully maintaining your traditional identity while adding, with the accompanying thick bar, a firmer character.

GENE DETICH, Prague.

JAMES HENNESSY, Richmond, France.

JULY 13: FROM OUR PAGES 75 AND 50 YEARS AGO

1907: British Naval Strength
LONDON — Lord Tweedmouth's statement of Great Britain's naval position, so far as the ships actually built and ready for service are concerned, has not been seriously criticized. The government is accused of having reduced the shipbuilding vote on the score of economy until the two-power standard is imperiled. The second count of the indictment concerns the distribution of the effective force and its readiness for action. The Channel fleet is not yet an ideally perfect force, but in the eight King Edwards there is sufficient strength to deal with the whole battleship force of Germany. Adding battleships and cruisers together, Britain has a preponderance over any two of the other powers.

1932: Shoe Magnate Killed
PRAGUE — Thomas Bata, multimillionaire and largest manufacturer of shoes in the world, was killed when his airplane fell at the airport of Zlin, the model city that he built on the site of the village where he was born 56 years ago, son of the village cobbler. The death of Bata, one of the most amazing figures of postwar Europe, has created a sensation throughout the country, as his business had become one of Czechoslovakia's most famous concerns. European stock markets, especially that of Berlin, felt the effect of the tragic death. The management of the Bata works has issued a statement to the effect that it is economically sound: "We have no debts and all taxes are paid."

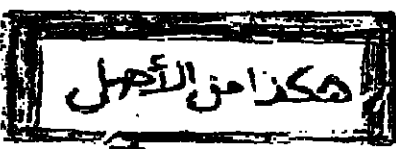
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Life Tough for Polish Soap Opera

Script Fails to Keep Up With Real Trials, Tribulations

By Ruth E. Gruber
United Press International

WARSAW — For more than two decades, Helena and Jozef Matysiak and their two sons, Stach and Genek, were the most popular family in Warsaw. No longer.

As the central characters in "The Matysiaks," a weekly radio soap opera about a Warsaw working class family, they drew an immense following dating back to the 1950s. However, even the trials and tribulations of a soap opera could not measure up to real-life martial law.

Actors protested the harsh measures of the martial law regime by refusing to appear on government-run radio. This has caused complete confusion in the cast and scripts.

"I've been listening to this program for over 20 years," said a 70-year-old listener. "I still listen to it — but maybe I'm one of only 10 in Warsaw who still does. It's awful now."

The Matysiaks became popular by responding to current events. The characters vividly discussed, for example, the formation and activities of the Solidarity independent trade union.

After the actors refused to appear, changes in the series sent Helena Matysiak to a cousin's near

Warsaw. She later died when the actress who played her died.

The father, Jozef, went to a sanatorium. One son and his wife went to work in East Germany. Another character is always out of town.

"There is a rumor in Warsaw that the Matysiak family has been interned and new people have moved in — maybe security men," an underground bulletin said, describing changes in the series.

Apparently the protest by the performers is unorganized but effective. "It is our own private affair and should be treated individually," said one of the actors taking part in the walkout.

"My contract, which we signed yearly, expired at the end of December. The last show which we prepared at the beginning of December was stopped by the censors. In January, I did not renew my contract and neither did some of my colleagues," he said.

He said that since the actress who plays the mother has died and other main characters are refusing to perform, the authors are thinking of changing the whole story line.

"Maybe the apartment in Dobra Street will be rented to a new family and quite a new life story will begin," he said.

Rand Study Reports Racial Bias in Soviet Armed Forces

By Drew Middleton
New York Times Service

NEW YORK — A study of the Soviet armed forces has found that racial prejudices in the Soviet military have led to violent conflicts and to discrimination against minorities.

These conclusions are in a Rand Corp. publication, "The Ethnic Factor in the Soviet Armed Forces," written by S. Enders Wimbush and Alex Alexiev and based on interviews with 130 former Soviet servicemen from all branches of the forces. The Rand Corp. of Santa Monica, Calif., does research for the government and other organizations.

Demographic Change Expected

Reviewing the findings of racial prejudice and ethnic conflict in the Soviet forces, the authors say these suggest existing or potential vulnerability that American military planners should study. Among the factors, the authors say, are inadequacies in basic training, unreliability in support forces in a war and the possibility that in a protracted war or after serious defeats there could be some defections.

The Soviet problem, the report says, is rooted in the composition of the military personnel. The officer corps is overwhelmingly Russian, and Ukrainians are widespread in the noncommissioned officer corps.

The study says this imbalance will soon encounter a basic demographic change as a result of the shift in population growth from European and mainly Slavic re-

gions to the central Asian Moslem regions.

Two elements described in the study appear important to American military planners. One is that, according to the report, the ideological Soviet view of the armed forces as one unifying element in the nation is without basis because of the frequent violence between races within the forces. The other is that Soviet soldiers are not allowed to serve in their native regions but are sent to distant, ethnically different areas, hence encouraging disputes with the civilian population.

The authors, commenting on the latter point, say the "possibility that the army may have to be used to put down anti-regime outbursts

by ethnically diverse sectors of the Soviet population — as indeed it has on more than one occasion — is an important factor influencing party stationing policies."

The study asserts that, despite some reports from Afghanistan, no ethnic units exist in the Soviet armed forces.

The report said the consensus among those interviewed was that "ethnic conflict is frequent, perhaps prevalent and occasionally severe." Instead of eradicating ethnic consciousness, the study says, the system serves to enhance national distinctions.

Russians are contemptuous of other races, the report says. The word *churka*, the report says, is frequently applied to Central Asians

and other Asians. The literal meaning of *churka* is wood chip, but it is used as a pejorative term meant to imply that a person is worthless, intellectually slow or simply dumb.

On the other hand, according to the report, Balts, who consider themselves superior to Russians, often use the Latvian word "*cake*," meaning "pig or swine," when referring to Russians.

According to the study, ethnic conflict is common in some services. Exceptions are the high technology services, such as the strategic missile force, the navy and the air force, where the personnel is chiefly Slavic.

The Soviet respondents said officers avoided becoming involved

in ethnic or racial disputes among their troops. Some people believe, according to the report, that the officer corps encourages ethnic conflict because it is easier to control a multinational force whose members are separated by linguistic and cultural barriers.

The report said fighting between the local populations and soldiers from units in the neighborhood was apparently commonplace. According to the report, Central Asians serve as guards for prisons and labor camps.

The Russian proportion of the population has been declining and now stands at 52.4 percent, according to the census taken in 1979.

Weinberger Denies U.S. Plans to Ease East-Bloc Sanctions

Reuters
WASHINGTON

Defense Secretary Caspar W. Weinberger said "it is certainly not correct" that President Reagan is looking for a way to ease economic sanctions against Poland and the Soviet Union in order to relieve strains within the Western alliance.

The New York Times on Friday reported that the Reagan administration is seeking some sign of an easing of martial law in Poland so it could relax sanctions, including a ban on U.S. equipment for a Soviet gas pipeline.

Mr. Weinberger said Sunday in a television interview program that the president made his decision to impose the trade embargo against the Soviet-backed military crack-

down in Poland with a great deal of care and deliberation, "so stories he is about to change on the basis of some gesture that has not been defined — these stories just aren't right."

Mr. Weinberger told interviewers: "It is certainly not correct" when asked about the printed report.

Transit Strike Hits Denver

The Associated Press
DENVER — Almost 1,400 transit workers, including 900 bus drivers, went on strike throughout the Denver metropolitan area Monday, forcing about 162,000 bus riders to look for other transportation.

At the recent summit meeting of heads of state from industrialized countries in Versailles, France, the other nations tried to get the United States to modify its stand on the export of pipeline equipment to the Soviet Union. However, the Reagan administration went ahead with imposing the embargo.

The president took the same hard line on the sanctions as Mr. Weinberger.

Talking to reporters on his plane as he returned from an 11-day holiday in California, Mr. Reagan looked angry when asked if he was softening on the sanctions and remarked, "Let me give you a friendly warning: a lot of those so-called leaks, they don't know what the hell they are talking about."

Beatings and Deprivation Reported By Political Prisoners in Poland

By Paul Lewis

WARSAW — A letter reported by Roman Catholic Church sources to have been smuggled out of a prison in southern Poland complains that political prisoners have been beaten by guards; that many are ill because of their diet, and that religious objects have been destroyed.

"The situation here is getting more and more tense," says the letter, dated July 2. "Provocative behavior by the guards is frequent. The other day the prison commander told us: 'I'd like to put you up against a wall and machine-gun you.'"

"We have no greens and fruit," the letter goes on. "Skin diseases, hair loss and boils are becoming more frequent. The commander told us: 'I can't afford tomatoes so you won't be eating tomatoes, either.'"

"Last week, he issued an order that anyone taking fruit back to his cell from a meeting with his family would be deprived of parcels for three months and banned from the prison shop. Letters are withheld for 7 to 10 days and some prisoners never get theirs, even if they haven't reached their quota."

The letter was made available on the condition that names be withheld.

Church sources say that many of those convicted of offenses under martial law get worse treatment than ordinary criminals. Many have been sent to prison for membership in the banned Solidarity labor union, for distributing Solidarity tracts and pamphlets, and for organizing strikes and demonstrations against martial law. Here are other examples of mistreatment:

• About June 20, the bishop of Tarnow visited a prison, where

guards had been reported to be confiscating and destroying prisoners' crucifixes, holy pictures, and prayer books, charges that were denied by the prison commander. The bishop was finally allowed to see prisoners from his own diocese. They told him that the guards had destroyed their rosaries and crucifixes. The bishop was permitted to leave several prayer books for the prisoners but was not allowed to distribute them personally.

• A political prisoner held in Upper Silesia was recently forced to sleep on boards for 10 nights and was deprived indefinitely of authorization to receive parcels for having tried to draft a code of rights for political prisoners.

• A young man recently cured of a severe stutter was arrested in the town of Oswiecim for distributing Solidarity materials and was sentenced to prison. When his family visited him, they found that he had been so badly beaten that his eardrum was punctured and his stutter had returned.

These allegations come at a time when Poland's martial-law authorities are said to be preparing to release many of those detained in a bid to impress the West.

Little has been said, however, about the fate of those sentenced to prison for martial-law offenses. It is the fate of these prisoners — whose numbers now roughly equal the 2,000 or so political detainees — that church officials feel should be the crucial test of the government's willingness to lift martial law.

A bulletin released by underground Solidarity activists in Warsaw over the weekend emphasized the importance of an amnesty for political prisoners as well as the release of detainees. It said the movement's underground leader-

ship is opposing all strikes and demonstrations before the National Day on July 23, in the expectation that the government will reciprocate by freeing both categories of prisoners.

Kremlin Warns U.S. Of Combat Readiness

By Dusko Doder

MOSCOW — Marshal Dmitri Ustinov, the Soviet defense minister, on Monday made the most vigorous response yet to President Reagan's policy toward the Soviet Union. He asserted that the United States will not be able to wage a victorious nuclear war against the Russians.

In a detailed and very pessimistic article that took an entire page of the newspaper Pravda, Marshal Ustinov appeared to try to justify the Kremlin's peace policy. He asserted that the recent Soviet pledge not to use nuclear weapons first in no way diminished Soviet security.

He pledged that a "sharp demand" for greater combat readiness of Soviet forces and modern command and control systems and other technical means would be met.

Marshal Ustinov also made what Western military specialists here said was the clearest public hint that the Russians may adopt a "launch on warning" defense posture to quickly counter Mr. Reagan's threatening strategic buildup.

He said there should be a clear realization in Washington and other Western capitals that by recognizing the first use of nuclear weapons the Soviet Union also would prevent any other country from "hatching plans of a nuclear attack."

"The aggressor, too, should know that the advantages of the preemptive use of nuclear weapons will not ensure victory for it," Marshal Ustinov said. "In perpetrating a crime against humanity it will not gain sizable benefits. With the current state of the systems of detection, the combat readiness of the Soviet Union's strategic nuclear means, the United States will not be able to deal a crippling blow to the Socialist countries. The aggressor will not be able to evade an all-crushing retaliatory strike."

The marshal's words were interpreted by Western military experts as a hint to what Soviet officials have privately told visiting Americans about the possible Soviet response to the introduction of medium-range Pershing-2 rockets in Western Europe.

In contrast to the policy of "launch on warning," the Russians have said that the proximity of the Pershings would force them to switch to "launch on warning," or an almost instantaneous attack on the United States if and when Soviet intelligence monitoring facilities signaled that an attack was under way on the Soviet Union.

Room for Error

The prospect of computers making such crucial decisions would enhance the possibility of a nuclear confrontation because of technical malfunctions.

It is difficult to determine whether the Russians are raising the prospect of launch on warning to scare the American public and increase psychological pressure on the Reagan administration or because automatic massive retaliation is indeed a serious policy option.

Marshal Ustinov's article appeared to have been designed for the domestic audience, however, suggesting worries within the armed forces and perhaps the population as a whole about the government's peace policy, which does not seem to be going anywhere.

It also comes after the recent United Nations General Assembly session on disarmament which, from Moscow's point of view, has failed to produce any concrete or serious decisions.

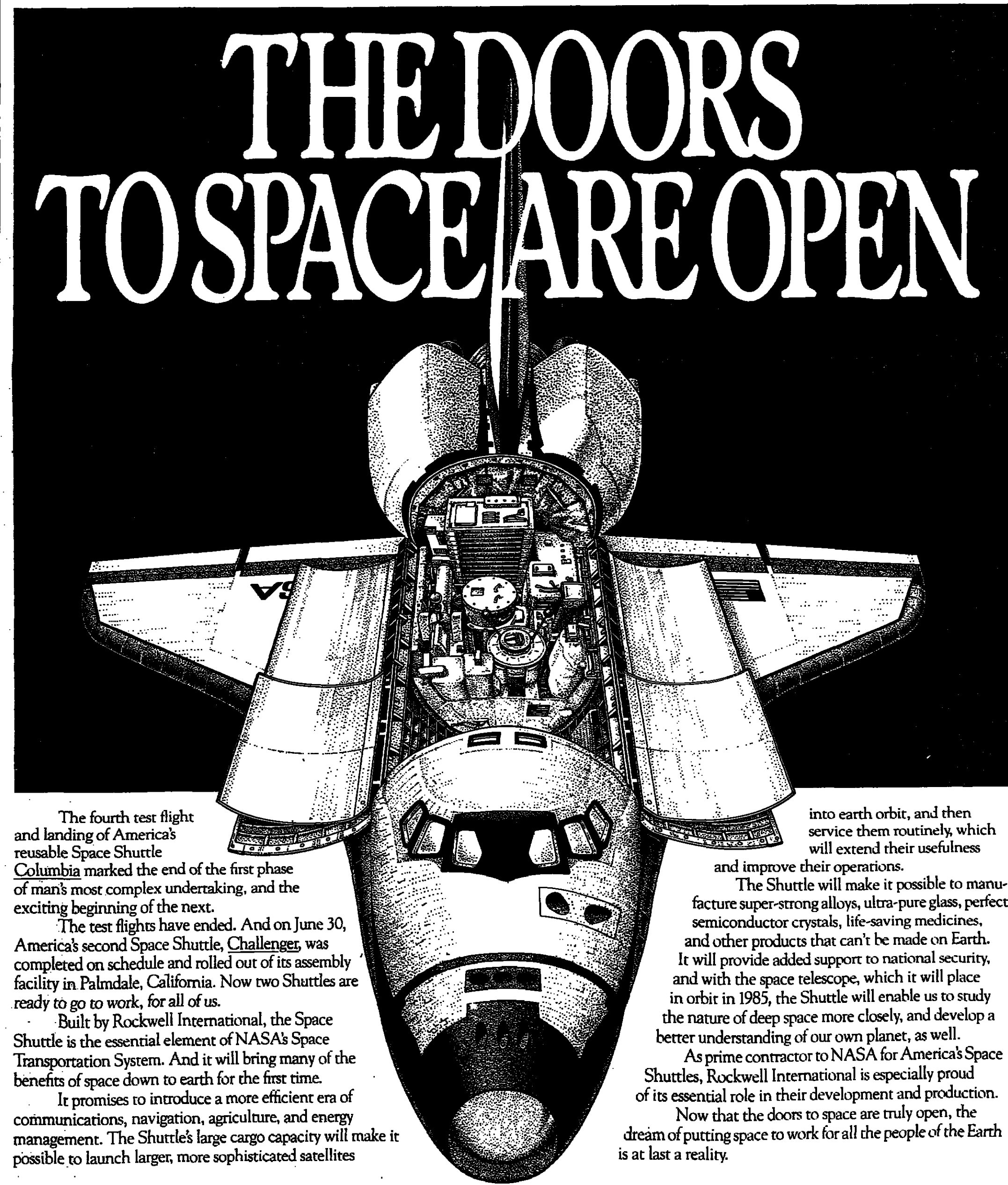
Habré, Chief Rival In South Decide On Negotiations

The Associated Press

LIBREVILLE, Gabon — Hissène Habré, whose month-old government in Chad is trying to win support in southern Chad, and former Vice President Wadal Kamougue, leader of the southern forces, have agreed to begin negotiations.

Mr. Habré, who ousted President Goukouni Oueddei last month to take control of Njame-na, the capital, and the northern part of the country, met Saturday and Sunday with Mr. Kamougue, who heads a sort of sub-government in southern Chad. The economically vital south, inhabited largely by Christian and animist farmers, dominated the mostly Moslem north until 1979.

An agreement between Mr. Habré and Mr. Kamougue would go a long way toward effecting a real national reconciliation and an end to the civil war that has raged sporadically since Chad's independence from France 22 years ago.



The fourth test flight and landing of America's reusable Space Shuttle Columbia marked the end of the first phase of man's most complex undertaking, and the exciting beginning of the next.

The test flights have ended. And on June 30, America's second Space Shuttle, *Challenger*, was completed on schedule and rolled out of its assembly facility in Palmdale, California. Now two Shuttles are ready to go to work, for all of us.

Built by Rockwell International, the Space Shuttle is the essential element of NASA's Space Transportation System. And it will bring many of the benefits of space down to earth for the first time.

It promises to introduce a more efficient era of communications, navigation, agriculture, and energy management. The Shuttle's large cargo capacity will make it possible to launch larger, more sophisticated satellites

into earth orbit, and then service them routinely, which will extend their usefulness and improve their operations.

The Shuttle will make it possible to manufacture super-strong alloys, ultra-pure glass, perfect semiconductor crystals, life-saving medicines, and other products that can't be made on Earth. It will provide added support to national security, and with the space telescope, which it will place in orbit in 1985, the Shuttle will enable us to study the nature of deep space more closely, and develop a better understanding of our own planet, as well.

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Jean MEJEAN • Denis DARGENT
FROM JULY 15 TO 25

15: Kette and Marielle
LAFARGE
John McLAUGHLIN and
The TRANSLATIONS
Ray BARTO
16: MARY DIBANGO
17: SHON GETZ
18: SUN RA ARISTIDEA
19: ZAKA PERCUSSION
20: MYANINA
21: GABO VERDE
22: XALAM
23: CARLA REY
24: LOCATION AT THE THEATRE
16, rue de Chilly (9^e)
et 3^e TRAC • ESCADROS
SEBASTYENNE BOUSSIGNI
INFORMATIONS 271.14.64

Airport Warned of Wind Danger Before Jet Took Off in New Orleans

By John Burgess
Washington Post Service

NEW ORLEANS — Tower controllers at New Orleans International Airport broadcast warnings twice of potentially dangerous winds minutes before a Pan American World Airways plane took off and crashed Friday afternoon, according to the National Transportation Safety Board.

It was not known whether the

plane's pilots received the word to watch out for "wind shear," rapid shifts in wind speed and direction that appear to be one of the most likely causes of the crash, the second worst in U.S. aviation history.

The fully loaded Boeing 727 went down in a residential neighborhood in the suburb of Kenner moments after lifting off in a thunderstorm. The crash killed 145 persons on the plane and at least eight on the ground.

Disclosure of the tower's wind shear warnings came Sunday as investigators began a detailed examination of the plane's wreckage.

In Washington, technicians said that the pilot's and co-pilot's voices had barely registered on the cockpit recorder tape, apparently because of faulty maintenance, safety board officials said. The tape was being filtered electronically to try to make voices and sounds more audible.

In addition, sources close to the investigation said, the voices were obscured by the sound of windshield wipers which were operating when the plane crashed.

A safety board spokesman, Brad Dunbar, said that about seven minutes before the plane began moving toward takeoff, a controller in the tower broadcast a warning that wind shear had been detected northeast of the airport. One minute later, another warning said that wind shear had been found in all directions.

Both warnings were broadcast on a radio frequency used to direct

taxiing aircraft, in accordance with Federal Aviation Administration procedures, Mr. Dunbar said. Pilots normally monitor the frequency but it was not known whether the Pan Am crew heard or understood the warnings.

Pilots say the warnings do not normally mean that takeoff should be delayed but that the crew should be alert because wind shear can cause abrupt and potentially dangerous shifts in a plane's speed and direction.

Computers trigger wind shear warnings in the tower if wind speed at measuring devices at airport varies by 15 knots or more with wind speed measured at devices outside the perimeter. Detectors have been installed at many U.S. airports in the past five years as understanding of wind shear has advanced.

Investigators emphasized that it was too soon to pinpoint the crash's cause. But speculation centered on theories that the plane was caught in a violent downdraft of air in a wind shear and was literally driven to the ground.

Lightning, waterlogged engines, failure of control services and pilot error have been named as other possible causes.

Some investigators believe that when the jet clipped through tree-tops in its descent, it lost lift devices on one wing, throwing it into a steep bank to the left. The left wingtip may have hit the ground first, digging a furrow and throwing the plane into a fiery cartwheel over a three-block area.

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The chief of laboratory services of the National Transportation Safety Board in Washington displays the flight recorder from the Pan Am jet that crashed Friday near New Orleans.

Wright to Challenge Weinberger's Policy Of Importing Weapons

By Richard Halloran
New York Times Service

WASHINGTON — The battle line between the House Democratic leader, Jim Wright of Texas, and the secretary of defense, Caspar W. Weinberger, has been drawn over U.S. imports of military weapons made in Europe, Israel and Egypt.

Rep. Wright says he will introduce an amendment to the Department of Defense authorization bill that would prohibit the department from buying military equipment from a foreign manufacturer, no matter what the saving, if that company became the sole supplier.

Mr. Weinberger, with support from the State Department, opposes the amendment. He contends that it would damage the efforts of the United States to get allies to cooperate on producing weapons rather than to engage in duplicative and competitive efforts.

The defense secretary has been supported by West Germany's ambassador to the United States, Peter Hermes, who has written to the chairman of the House Armed Services Committee, Melvin Price of Illinois, to object to the proposed amendment.

The Israeli government has also opposed the measure, especially since an Israeli company, Tadiran, has been in competition with a leading U.S. contractor, E. Systems, for a contract to build Army radios.

Rep. Wright has written to Mr. Weinberger to contend that it would be "unreasonable, very poor strategy, and sometimes downright dangerous to allow a firm in a foreign country to become the sole supplier of a vital U.S. military item."

Mr. Weinberger replied: "In all candor, I must oppose your amendment and ask you to reconsider. Our allies are viewing the proposal as a serious restriction in the path of arms cooperation, and I agree with them."

In his letter, the West German ambassador asserted that Rep. Wright's amendment "would constitute another serious obstacle on the road of arms cooperation between the United States and the Federal Republic of Germany."

The conflict emerged in January when Tadiran underbid E. Systems on the radio contract. Its price, \$38.9 million, was \$7.5 million less than the price offered by E. Systems.

The Texas company protested to the General Accounting Office, the auditing and investigative agency of Congress, contending that Tadiran should have been disqualified from bidding on an equal footing with U.S. companies as agreed in a provision of the 1978 Camp David peace accords. E. Systems argued that the contract award violated buy-America policies.

The Army said, however, that the arguments of E. Systems were "totally without merit" and that the nation's industrial base would not be harmed by the award to Tadiran. It announced plans to go ahead with the contract. Defense Department officials also said that the United States sells \$9 worth of weapons to European allies for every \$1 worth of arms that it buys.

The General Accounting Office, in a report last month, agreed with the Army that the "E. Systems protest is without legal merit." It added, "The integrity of the competitive bidding system is hardly served by the government's issuing an open invitation and, after a foreign firm has entered and won the competition, determining that it should be excluded."

Organized Crime Controls Union In Atlantic City, State Officials Say

By Donald Janson
New York Times Service

NEW YORK — When the New Jersey Legislature debated and adopted the state's Casino Control Act five years ago, particular emphasis was placed on preventing organized crime from infiltrating the new casino industry in Atlantic City.

Now the state Division of Gaming Enforcement has expressed concern that organized crime has found a way to circumvent state controls — by influencing the largest casino union in the city, Local 54 of the Hotel and Restaurant Employees and Bartenders Union.

The division, an arm of the state attorney general's office, has asked the Casino Control Commission to eliminate the peril it sees by revoking certification of the union to operate in casino hotels.

The local represents 12,000 bartenders, bellmen, waiters, waitresses, maids and other employees. Most work in Atlantic City's

nine casino hotels. Authorities have expressed concern that organized crime may use the union to extract payments from the casinos in return for labor peace. The casinos gross more than \$4 million a day, 8 percent of which goes to the state in taxes.

In a hearing last week at commission headquarters, the division presented witnesses to support its contention that Local 54 was dominated by organized crime. This is the first time the commission has considered disciplining a union.

New Identity

Joseph Salerno, a former associate of Nicodemo Scarfo of Atlantic City, testified Thursday behind a screen shielding him from the hearing room audience. He said that organized crime hoped "to own Atlantic City some day."

Mr. Salerno, a former plumber, now has a new, undisclosed identity in the U.S. witness-protection program.

Special Agent James T. Maher of the FBI organized-crime squad in Philadelphia, testified that Mr. Scarfo was the boss of the Angelo Bruno organized-crime family in Philadelphia and Atlantic City.

Mr. Salerno said Mr. Scarfo had boasted that he had installed Frank Gerace as president and Robert Lumio as secretary-treasurer of Local 54. Mr. Gerace is still

president. Mr. Lumio died recently.

Lt. Col. Justin J. Dintino of the New Jersey State Police testified June 22 in Washington before a Senate subcommittee investigating the union that Mr. Scarfo controlled the union through Mr. Gerace and Albert Diadone, the local's vice president.

Mr. Scarfo, who was subpoenaed for both hearings, cited his Fifth Amendment privilege against self-incrimination at both sessions in refusing to answer questions about organized crime and Local 54.

Mr. Gerace did the same thing in Washington, but must answer questions at another New Jersey commission hearing this week or face the possibility of a contempt citation, because the commission has granted him immunity from any future criminal prosecution based on his testimony.

Mr. Scarfo declined to answer questions about a phone list taken from him during a search of his Atlantic City home or about a piece of paper that Special Agent Maher said was also seized in the search. Written on the paper were "54" and some shortened names that Robert B. Sturges, director of the Division of Gaming Enforcement, said were names of Local 54 functionaries.

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WHERE OIL AND GAS WILL BE FOUND IN THE '80's

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THE IMPACT OF DOWNSTREAM ARAB INVESTMENT

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U.S. ENERGY POLICY

James McClure, Chairman, U.S. Senate Energy Committee.

PROBLEMS OF ENERGY FINANCING

THE INVESTMENT OUTLOOK FOR NORTH SEA ENERGY

Hansiah Gray MP, U.K. Minister of State for Energy

MOBILIZING INTERNATIONAL FUNDS FOR ENERGY PROJECTS

Ion Logie, President and Chief Executive, Int. Energy Bank

INVESTMENT DECISIONS IN AN ERA OF DECLINING OIL PRICES

Harold Hammer, Executive Vice President, Gulf Oil Corp.

THE EVOLUTION AND IMPACT OF INTERNATIONAL OIL TAXATION

Robert Weaver, Vice President, Global Petroleum Division, Chase Manhattan Bank

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John Uchida, Exec. Dir., Petroleum Industry Research Foundation

John Meeder, Manager Corporate Planning, Nederlandse Gasunie

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BUSINESS BRIEFS

British Airways to Lay Off 7,000

LONDON — British Airways, which is losing £250 million (£435 million) a year, said Monday it plans to lay off 7,000 more workers over the next few months in an effort to meet the government's denationalization targets.

The proposed job cuts announced by BA Chairman Roy Watts will reduce the airline's work force to 35,000 by March 31, 1983. That will be 3,000 fewer workers than three years ago.

The layoffs are part of a long-range survival plan BA has offered the conservative government in return for financial support to allow the airline to be sold before the next general election, which must be held before May, 1984.

Parent Firms Agree to Estel's End

DORTMUND, West Germany — Hoechst said Monday that it and Hoeghovens have reached a basic accord on terminating their joint holding company, Estel.

Hoechst, the West German side of Dutch-West German steelmaker, said in a statement that the agreement sets total Estel liabilities at 1.52 billion guilders (\$550 million). Hoechst will assume 946 million of this and Hoeghovens \$70 million, it said.

Hoechst will acquire the shares of Estel Hoeghovens, Estel's West German operating arm, and Estel Hoeghovens will return to the control of the Dutch company, the statement said.

Britain Approves Pair of Mergers

LONDON — The proposed merger of Security Pacific Corp. of Los Angeles and London stockbroker Hoare Govett will not be referred to the Monopolies and Mergers Commission, the British Trade Department said Monday.

The commission also said the merger of Oppenheimer Holdings and Mercantile House of London will not be referred to the commission.

U.S. Firm, Thomson in Agreement

SAN DIEGO — Kimball International's affiliate, Applied Micro Circuits, said Monday it had signed an agreement for Thomson-CSF to become the alternate source for its high-performance bipolar Q-700 series of gate arrays.

The company said Philips of the Netherlands is the main source for the sophisticated semiconductor chips, which are used in computers and some consumer electronic equipment.

Merck and Astra Agree on Venture

NEW YORK — Merck & Co. said Monday that it has completed a final agreement on establishing a joint venture with A.B. Astra of Sweden in the U.S. prescription drug market.

The agreement initially is to provide Merck with licenses for Astra products. After about 10 years, the two plan to establish a joint venture company to handle these and future products in the U.S. market.

Deak-Perera to Offer New CDs

NEW YORK — Deak-Perera, a privately-held foreign-exchange firm, said Monday it has introduced certificates of deposit featuring yields based on foreign currency values as well as interest.

The company said the three- and six-month CD values are based on fluctuations in the Deutsche mark or yen and may be bought in minimum denominations of \$5,000.

Dunlop Sells Another Malaysian Unit

LONDON — DM (Holdings) Sdn., a subsidiary of Dunlop Holdings, said Monday that it has sold its 51-percent holding in Dunlop Malaysian Industries to Pagi Malaysian for 298 million ringgit (\$126 million).

Pagi is to provide new Pagi shares to Dunlop Holdings as payment at an agreed value of five ringgit per DM share, to be paid in Swiss francs over 24 months. The shares are then to be purchased for cash by East Wind Holdings Sdn., a subsidiary of Goodbody Plaza of Malaysia.

Dunlop, a U.K.-based tire maker, plans to continue providing management and technical services to DMIB, which is to retain its present name. Dunlop and Pagi also have agreed to form an equally owned company in Singapore to pursue joint ventures in Southeast Asia. Last September, Pagi and Multi-Purpose Holdings of Malaysia acquired Dunlop's Malaysian rubber plantations for the equivalent of about \$110 million. Both transactions are in line with Malaysia's policy of putting resource companies in local hands.

Compiled From Agency Dispatches

Banks Launch Bonds As Pessimism Eases

Compiled by Our Staff From Dispatches

LONDON — An easing of concern over shaky banks gave a shot in the arm to the Eurobond market Monday, and some new paper was issued to take advantage of the break in the gloom.

Creditanstalt-Bankverein will raise \$75 million over eight years, said manager European Banking Co. said. The bond will carry a 15 percent coupon and will be priced at par, it added.

The Austrian bank can redeem the bond at the end of the fifth year at 101½, it noted, but only after giving three years notice.

The improved conditions also led the European Investment Bank to take a positive look at the issuing of a second \$100-million tranche of its recent 10-year, \$100-million Eurobond.

Lead manager Union Bank of Switzerland said Monday that like the first tranche, the additional bonds would carry a 15 percent coupon and will be priced at 99½.

At the initial sale last week, an issue of \$100 million to \$200 million was planned, depending upon market reaction, UBS said.

The break in the pessimism over banks pushed the prices on most bank Eurobonds up as much as a full point, dealers said.

One-month Eurodollar interest rates declined Monday to about 14 percent from 15 percent on Friday, and the three-month rate dropped to 14½ percent from 15½ percent on Friday. The six-month rate declined to 14 percent from 15 percent.

Also launched Monday was a 5-year, 30-million Canadian-dollar bond for Canadian Utilities led by Wood Gundy.

Failed OPEC Talks Underline Group's Basic Weaknesses

By Douglas Martin
New York Times Service

NEW YORK — Last weekend's collapse of the OPEC meeting in Vienna seems further proof that the group bears little semblance to an effective cartel, analysts say.

They contend that the lack of agreement shows that OPEC is mired in intramural political squabbles and is unable to adjust to the sharp decline in oil consumption resulting from price increases that the group was able to impose during the 1970s.

OPEC's 13 member nations this year have been supplying less than half the non-Communist world's oil — the first time this has happened since the late 1960s.

Does this mean that OPEC, which often seemed to dominate the world's economic stage in the past decade, has become impotent? The results of the Vienna meeting would say yes, some analysts say.

OPEC's agreement in March to limit output to 17.5 million barrels a day — which for a time seemed to turn the market in its favor — has been abandoned because of sharp differences among members over the size of their quotas. As a result, there is a possibility that OPEC nations will now make individual decisions to increase their own production, flooding markets with oil and driving prices down.

"OPEC is going to be a weak organization because the market for OPEC oil is going to be substantially less than OPEC's willingness and ability to produce," said John H. Listablan, executive director of the Petroleum Industry Research Foundation.

Alvin L. Alm, the director of Harvard University's Energy Security Program, who was a top energy policy adviser in the Carter administration, suggested that there is "at least a 30-percent chance" that OPEC's \$34 reference price "will actually break."

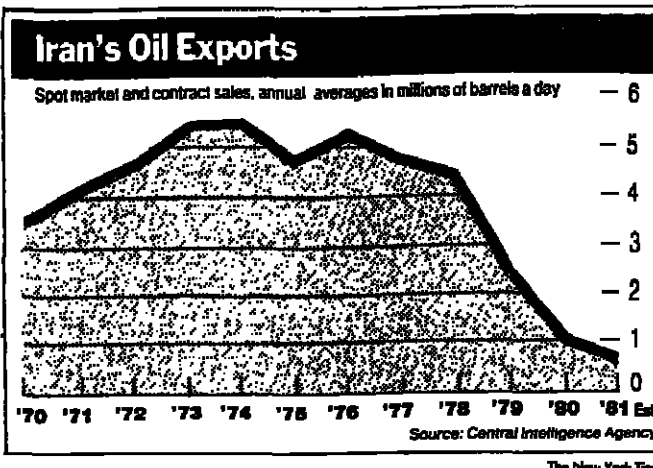
Most analysts hasten to add that OPEC decisions could still be influential. Even at today's depressed levels, OPEC members account for 45 percent of non-Communist oil shipments, and economists agree that the price levels they impose are considerably higher than would exist in a free market.

"OPEC is still a major factor in the marketplace," an oil company planner said.

It is possible, therefore, that OPEC will hold together, limping from crisis to crisis with patchwork solutions to such problems as the drop in oil consumption and animosity among members. But by the sheer weight of its output, analysts believe, OPEC will almost certainly exert influence on oil pricing and production for years.

OPEC nations also consider themselves overdue for some external help. They hope for a rise in demand resulting from an economic

(Continued on Page 17, Col. 1)



Iran Buys Time, Runs Risks With Oil Sales

By Henry Tanner
New York Times Service

TEHRAN — Early this year, the Iranian government was sunk so deep in a fiscal crisis that foreign analysts did not see how it could continue paying for food imports and meeting the huge government payroll on which most Iranians depend.

By this summer, however, Iran had maneuvered out of its difficult position by increasing oil exports to two million barrels a day, only about half the level before the 1979 revolution but up from a dismal 400,000 barrels a day in early 1982.

"The Iranians are awash in money now," an economist in a Western embassy said.

But Iran's solution carries a potentially heavy price. The oil is exported via the spot, or noncontract, market rather than under long-term agreements. Thus, prices are low and planning is difficult.

Revenue from oil has been paying for the war with Iraq, which began last year, and a mounting bill for food imports. Before oil revenue began growing again, the government had nearly exhausted its reserves by early this year, according to Western economists.

The need for more exports remains evident in the long lines in front of most food stores. Stocks of consumer goods have not been renewed for years. Stores are selling their old stocks to each other and to selected customers an item at a time and at high prices.

Iran's industrial production is estimated at only 40 percent of the level before 1979. Many factories have been closed and others are

(Continued on Page 17, Col. 2)

EEC Favors Keeping Strict Policy

Reuters

BRUSSELS — West Germany and Britain Monday rejected expansionary economic policies as the way to pull the 10-nation EEC out of recession.

As EEC finance ministers reviewed prospects for a slight economic recovery next year, diplomats said West Germany and Britain insisted that strict public spending and anti-inflation policies must be the top priorities.

French Finance Minister Jacques Delors urged community-wide action to boost investment in manufacturing and high technology to reverse what he called the de-industrialization of Europe.

But, while Mr. Delors' call for mildly inflationary policies won support from Denmark and Ireland, diplomats said most governments favored no relaxation of tight controls on public spending.

The finance ministers made some progress in narrowing differences over a proposed EEC directive on consolidated reporting by companies, but put off further discussion until October, diplomats said.

The seventh Company Law directive was discussed Monday after being stalled in committees of experts since 1978.

The diplomats said the ministers sought to give a political push to the directive so that outstanding technical difficulties could be solved.

The ministers focused on the definition of companies to be in-

cluded in the scope of the directive, the diplomats said.

A key problem is whether a group should declare the results only of subsidiaries in which it holds a 50 percent or greater share, or whether the threshold should be set much lower, perhaps as low as 15 percent.

The ministers also had to decide the threshold below which small amounts of money would be excluded from the requirements.

Meanwhile, a spokeswoman for Belgian Finance Minister Willy de Clercq said that an International Monetary Fund team approved

the Belgian government's economic reform program during a routine visit last week.

No details of the program were available.

Mr. de Clercq had announced in May that the visit would take place. He said then Belgium was not seeking IMF aid and described the meeting as continuing consultations, interrupted last October by the collapse of the former government.

Financial sources said the IMF team examined Belgium's balance of payments, foreign borrowing needs and 1983 budget preparations.



Jacques Delors

Dollar Loses Ground; Gold Gains

Compiled by Our Staff From Dispatches

LONDON — Lower U.S. interest rates drove down the dollar Monday, while the price of gold climbed.

London dealers said suggestions that the U.S. Federal Reserve Bank may be thinking of easing its monetary policy put the dollar under pressure, causing Eurodollar rates to rise.

The dollar rallied in late dealings as dealers filled commitments sold earlier, partly prompted by a firming federal funds rate, but it still finished below Friday's close, dealers said.

The dollar closed at 2.4785 Deutsche marks, up from a mid-

day 2.4615 DM but below Friday's 2.4882 close.

European banks covered short dollar positions at the end of their trading day as Chicago futures market speculators began buying and Salomon Brothers chief economist Henry Kaufman reiterated his view that U.S. interest rates are headed higher.

Also, the federal funds rate in the United States firmed to 13½ percent from a low of 12½ percent.

The muted reaction of the U.S. credit markets to Friday's news of a \$3.7 billion drop in the U.S. money supply also may have

prompted some dollar shortcovering by European banks, they said.

A cut in time deposit rates by Swiss banks, though expected, served to reinforce the belief that any drop in U.S. interest rates will be matched in Europe, they added.

Dollar-Swiss franc trading was especially busy, and the dollar rose to 2.1080 Swiss francs from Friday's 2.1045.

Gold closed in London at \$341.25 an ounce, up sharply from Friday's \$329.25. Dealers said the slight easing in U.S. interest rates and the weakening of the dollar underpinned the advance.

Wall Street Prices Post Broad Gain In Heavy Trading

Compiled by Our Staff From Dispatches

NEW YORK — Prices on the New York Stock Exchange rose sharply Monday in some of the heaviest trading on record as investors flooded back into the market on signs that interest rates were headed lower.

The Dow Jones industrial average closed up 10.75 at 824.87, its highest closing point since May 27 when it finished at 824.96. Advances led declines by a 10-to-4 margin, and volume swelled to 74.7 million shares from the 65.9 million traded Friday.

It was the fifth largest volume day on record, surpassing the 74.3 million shares traded March 4, 1982.

Analysts said Monday's rally was sparked initially by the larger-than-expected decline in the M-1 measure of the money supply reported Friday.

M-1 had been expected to drop about \$2 billion but fell \$3.7 billion for the week ended June 30. The large decline fueled speculation that the Federal Reserve may ease credit policy.

That speculation found further support Monday when two major banks lowered their broker loan rates, Continental Illinois to 14 percent and Marine Midland to 14½ percent.

It was the second time in less than a week that Continental Illinois Bank had lowered its broker loan rate.

Kaufman Still Negative

Analysts said the market had reached a deeply oversold condition last week, and institutions were eager to re-enter the market, needing only some good news on interest rates as incentive.

"For now, the Fed has decided to ease," said Philip Braverman, an economist at the Chase Manhattan Bank. He added, "I still expect bond yields to rise later in the year when Treasury borrowings increase."

He also said that interest rates would be pushed up "when the economy shows some signs of life" in response to the July 1 federal income tax cut.

But Salomon Brothers chief

economist Henry Kaufman Monday reiterated his forecast for higher interest rates in the second half of 1982.

"Both short- and long-term rates will rise further in the second half of 1982, with long-term rates reaching their 1981 highs, while short-term rates may fall shy of their previous peaks," he said.

Mr. Kaufman said the current economic recovery will be brief, "lasting only a few quarters," following which the nation will return to "economic sputtering (or) a more serious setback may ensue, depending on how well the weaknesses in the credit structure are contained."

Corporate credit quality will continue to deteriorate, Mr. Kaufman said, "and will pose significant challenges to lending and investing institutions when the current business recovery sputters out."

Also, Robert Salomon, managing director of the firm in charge of stock research, said high real interest rates mean fixed-income instruments will provide greater returns than will be available in the equity market.

He said the firm would recommend allocating more than half of the typical investment portfolio to debt markets, emphasizing quality in short- to intermediate maturities.

The recession appears to have ended, but government statistics are giving off mixed signals about the recovery. Also, the Conference Board's June consumer confidence index fell after two advances.

An important exception to the market's rally was the energy sector, which suffered sharp losses in heavy trading.

The group reflected the failure of the OPEC ministers to reach agreement on oil production cuts at their meeting last week. Analysts said oil prices are expected to continue to erode, which in turn will adversely affect industry profits.

Losers in the group included Exxon, off ½ to 26½, Atlantic Richfield 1½ to 34½, Amerasia Hess ¾ to 17½, Standard Oil of California 1½ to 26½, Halliburton 1½ to 24½, Union Oil 1½ to 28½ and Pennzoil 1½ to 30½.

CURRENCY RATES

Interbank exchange rates for July 12, excluding bank service charges.

	\$	£	D.M.	F.F.	Sw.	Y.	S.F.	D.M.
Amsterdam	2.2715	4.71	116.28	37.20	1.769	17.267	22.22	31.10
Brussels (a)	46.81	81.48	19.94	6.85	1.785	17.267	22.22	31.10
Frankfurt	2.444	4.7255	—	35.98	1.785	17.267	22.22	31.10
London (b)	2.2715	—	—	11.945	2.29475	4.7215	81.265	1.824
Milan	1,258.70	2,972.75	568.11	201.51	—	87.377	29.418	162.03
New York	—	1.725	0.6033	0.145	0.0723	0.3668	0.0212	0.6734
Paris	6.841	11.891	27.215	—	4.97	22.10	14.015	28.70
Zurich	2.099	2.428	63.15	—	0.192	72.31	4.70	—
100	0.9594	0.6530	2.3626	6.5658	122.80	2.653	45.913	8.1671
100	1.0924	0.6292	2.6891	7.4748	130.48	2.9371	51.223	9.2973

(a) Commercial franc. (b) Amounts needed to buy one pound. (*) Units of 100. (x) Units of 1,000.

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This announcement appears as a matter of record only.

June 30, 1982

U.S. \$100,000,000 Notes The Republic of Ecuador

Lead Managed by

E.F. Hutton International Inc.

The Dai-ichi Kangyo Bank, Limited

Managed by

Banco Exterior de los Andes y de Espana, SA

The Bank of Yokohama, Ltd.

Daiwa Bank Trust Company

Co-Managed by

Banca Nazionale del Lavoro

Banco Central SA

Banco di Roma

Banque Francaise du Commerce Extérieur

Commercial Credit International Banking Corporation

Provided by

Asian International Bank	Banca Nazionale del Lavoro	Banco Central SA	Banco di Roma
Banco Exterior de los Andes y de Espana, SA	Banco Herrero	The Bank of Yokohama, Ltd.	
Banque Francaise du Commerce Extérieur	Banque Internationale de Gestion et de Trésorerie		
Commercial Credit International Banking Corporation	Credit Commercial de France (Panama) S.A.		
Credito Italiano	The Dai-ichi Kangyo Bank, Limited	Daiwa Bank Trust Company	
Den Norske Creditbank, Oslo	First National Bank of Boston	Hungarian International Bank Limited	
E.F. Hutton International Inc.	The Indiana National Bank	London Interstate Bank Limited	
Maryland National Bank		Union Trust Company of Maryland	

Dow Jones Averages									
1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
1,000	1,100	1,200	1,300	1,400	1,500	1,600	1,700	1,800	1,900
1,000	1,100	1,200	1,300	1,400	1,500	1,600	1,700	1,800	1,900
1,000	1,100	1,200	1,300	1,400	1,500	1,600	1,700	1,800	1,900
1,000	1,100	1,200	1,300	1,400	1,500	1,600	1,700	1,800	1,900
1,000	1,100	1,200	1,300	1,400	1,500	1,600	1,700	1,800	1,900
1,000	1,100	1,200	1,300	1,400	1,500	1,600	1,700	1,800	1,900
1,000	1,100	1,200	1,300	1,400	1,500	1,600	1,700	1,800	1,900
1,000	1,100	1,200	1,300	1,400	1,500	1,600	1,700	1,800	1,900
1,000	1,100	1,200	1,300	1,400	1,500	1,600	1,700	1,800	1,900

Monday's NYSE Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

12 Month											12 Month										
High	Low	Stock	Div.	Yld.	P/E	High	Low	Close	Open	Change	High	Low	Stock	Div.	Yld.	P/E	High	Low	Close	Open	Change
12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12
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12 Month	High	Low	Stock	Div.	Yld.	P/E	High	Low	Close	Open	Change
12 Month	High	Low	Stock	Div.	Yld.	P/E	High	Low	Close	Open	Change
12 Month	High	Low	Stock	Div.	Yld.	P/E	High	Low	Close	Open	Change
12 Month	High	Low	Stock	Div.	Yld.	P/E	High	Low	Close	Open	Change
12 Month	High	Low	Stock	Div.	Yld.	P/E	High	Low	Close	Open	Change
12 Month	High	Low	Stock	Div.	Yld.	P/E	High	Low	Close	Open	Change
12 Month	High	Low	Stock	Div.	Yld.	P/E	High	Low	Close	Open	Change
12 Month	High	Low	Stock	Div.	Yld.	P/E	High	Low	Close	Open	Change
12 Month	High	Low	Stock	Div.	Yld.	P/E	High	Low	Close	Open	Change
12 Month	High	Low	Stock	Div.	Yld.	P/E	High	Low	Close	Open	Change
12 Month	High	Low	Stock	Div.	Yld.	P/E	High	Low	Close	Open	Change

RAS

RIUNIONE ADRIATICA DI SICURTA'

MILAN - ITALY

The Company's Annual General Meeting was held in Milan on 28th June 1982 with Mr. Ettore Lolli in the chair.

The Directors' Report and Accounts for RAS' 143rd financial year ended 31st December 1981 were duly adopted. A profit of Lit. 10.4 bn. was recorded after allocating Lit. 22.7 bn. to the Securities and Currency Exchange Fluctuation Reserve. A dividend of Lit. 1,400 per share was declared on an equity base three times larger than last year's following the increase of capital from Lit. 21.6 to 64.8 bn.

The Directors' Report highlights the growth in business in Italy and elsewhere achieved during the year and notes the Company's substantially strengthened assets structure, resulting in a solvency margin which exceeds by Lit. 84 bn. the minimum legal requirement.

Premiums written in Italy rose overall by 25%, with increases of 28% being attained in the Fire Account, 33% in the General Third-Party Liability Account and 35% in the Bond and Credit Indemnity Accounts. Aggregate growth in the Life Branch in Italy was 23%, with individual life assurance premium income rising by 29.4%. This significant advance is attributable to the successful introduction of new indexed life policies and combined insurance-investment plans.

Premium income in other accounts also showed satisfactory growth, but in some branches such as Third-Party Motor Liability and Marine and Cargo it proved inadequate to cover the higher cost of claims.

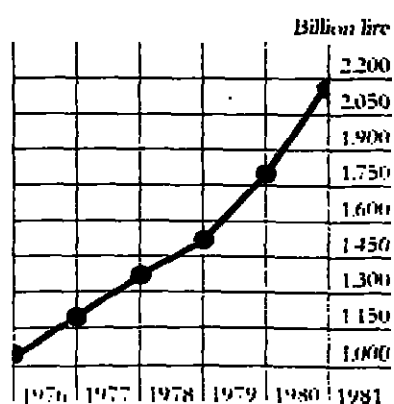
The dividend will be payable as from 19th July 1982.

HIGHLIGHTS OF ACCOUNTS

RAS ONLY, DOMESTIC AND FOREIGN BRANCH OFFICES
(in US dollars)

	1981
Premium Income	797,852,631
Investment Income	112,270,829
Claims, Maturities and other Benefits paid	434,113,495
Insurance Reserves, Non-Life Branch	667,267,018
Insurance Reserves, Life Branch	571,144,952
Life Sums assured	4,401,798,665
Share Capital	54,000,000
General Reserves	209,460,744
Profit for the year	8,694,085

PREMIUM INCOME OF THE RAS GROUP (ITALY AND ABROAD)



SALES OF THE RAS GROUP (in US \$)

Premium income breakdown in 1981	
RAS (in Italy and abroad)	797,852,631
Other Italian Group Companies	132,344,436
Foreign Group Companies	884,911,162
Total premiums	1,815,108,229
RAS Group, Life Business	
Total Sums assured	\$ 9,156,468,905

Amsterdam	Brussels	Hong Kong	London	Other Markets	Singapore	Sydney	Tokyo	Zurich
12 Month	12 Month	12 Month	12 Month	12 Month	12 Month	12 Month	12 Month	12 Month
High	High	High	High	High	High	High	High	High
Low	Low	Low	Low	Low	Low	Low	Low	Low
Stock	Stock	Stock	Stock	Stock	Stock	Stock	Stock	Stock
Div.	Div.	Div.	Div.	Div.	Div.	Div.	Div.	Div.
Yld.	Yld.	Yld.	Yld.	Yld.	Yld.	Yld.	Yld.	Yld.
P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E	P/E
High	High	High	High	High	High	High	High	High
Low	Low	Low	Low	Low	Low	Low	Low	Low
Close	Close	Close	Close	Close	Close	Close	Close	Close
Open	Open	Open	Open	Open	Open	Open	Open	Open
Change	Change	Change	Change	Change	Change	Change	Change	Change

مركز التجارة العالمي

OPEC's Rift Underlines Weaknesses

(Continued from Page 15)

recovery and an end to the year-long reduction in inventory levels. This hope is buttressed by a general opinion on the part of oil executives that fourth quarter demand for petroleum should bounce back by four million to five million barrels a day — enough to dissipate OPEC's current surplus.

But come next spring and the normal seasonal fall in demand, OPEC may well be facing the same set of problems with which it could not come to terms in Vienna. What can OPEC do to help itself? Abdullah Tarik, the former Saudi oil minister who was a leader in founding OPEC, argues for a much sharper cutback in OPEC output than has ever been seriously considered.

"We have only to reduce this surplus at its source to restore the situation," Mr. Tarik recently wrote in *Dinar*, a Kuwaiti financial publication. "We, the oil producers, tend to welcome the consumers' tendency to substitute other fuels for oil products as this will provide us with a longer period for our oil production and for preparing ourselves for the post-oil age."

The decision in March to curb output is viewed as a third move in this direction, but even that has collapsed. Part of the reason was miscalculation: OPEC and international analysts believed Iran's oil production would not revive nearly as quickly as it has.

Thus, Iran sees its official quota of 1.2 million barrels a day as less than half the appropriate level. As a result, Tehran has been floating both OPEC prices and output rules in an effort to rebuild its war-ravaged economy by selling as much oil as possible.

At the Vienna meeting Iran suggested that the best way for it to increase production without affecting the overall balance of world supplies was to reduce Saudi Arabia's by an equal amount. In less than a year, however, the Saudis have cut their production by about four million barrels to 6.5 million in an attempt to balance the market. They contend that such unilateral actions are sufficient. The Saudis' enthusiasm to sacrifice oil revenues to help such political foes as Iran and Libya will almost certainly continue, to be restrained, analysts say.

OPEC also faces such problems as the possibility that oil demand has permanently eroded and Venezuela's threat to immediately begin pumping 300,000 barrels a day if agreement was not reached in Vienna. Whether OPEC succeeds or fails, it seems certain that the air of power and arrogance that once characterized the organization has faded.

Hitachi Postpones New Computer

The Associated Press

TOKYO — Hitachi Ltd. said Monday that it is delaying sales and marketing of its new supercomputer following allegations that it was involved in the theft of International Business Machines Corp. computer information.

Supercomputers, which generally cost \$10 million or more, are designed for high-speed processing of lengthy calculations.

Hitachi said its new computer, the HAP-1, was faster than supercomputers being offered by Fujitsu Ltd., Japan's leading computer maker; Minneapolis-based Cray Research Inc., the leading U.S. maker of supercomputers; and Control Data Corp., also based in Minneapolis.

Hitachi planned to market its new computer this summer, following a similar move by Fujitsu. Last Tuesday, Fujitsu introduced its VF-200, which the company claims is 20 percent faster than Cray's fastest model, the Cray X-MP. The new Fujitsu model costs about \$12 million.

A Hitachi spokesman acknowledged that the IBM case was one reason the company decided to delay marketing the new computer. Hitachi is re-evaluating its entire "product strategy" and is seeking the right timing to begin sales of the new computer, he said.

Hitachi and another Japanese concern, Mitsubishi Electric Corp., also suspended newspaper and magazine advertising in late June after the companies and 22 people — most of whom are employees of the companies — were charged by the FBI with involvement in buying and transporting stolen IBM information.

Denial of Wrongdoing

On June 30, a federal grand jury in San Jose, Calif., indicted Hitachi and 14 people, including 13 Hitachi employees, for conspiring to transport the stolen materials.

Hitachi and Mitsubishi Electric have acknowledged paying a total of about \$566,000 for the IBM information. But they have denied wrongdoing, saying they believed they were buying information through a legitimate company, which turned out to be an FBI front.

The Japanese economic daily Nihon Keizai Shimbun said several Japanese universities and research centers had planned to buy the new Hitachi supercomputer. But the company's delay in marketing and announcing the price of the new machine may cause those customers to turn to another company, the newspaper said.

Iran Buys Time With Crude Sales

(Continued from Page 15)

working at a fraction of capacity because of the lack of spare parts and skilled workers. Western economists say: Other factories are kept open, even though they are not producing, to protect the workers' incomes.

Inflation runs at 60 percent a year for all but the basic food items that are rationed and distributed by the regime, foreign economists estimate. Food on the black market is many times more expensive than rationed items.

During the first months of the new regime, oil revenue remained high while most other economic activity petered out. This enabled the regime to compensate for the lack of industrial production by buying abroad what was no longer produced locally. The government payroll, which swelled when 80 percent of the economy passed under its control, continued to be paid, according to foreign diplomats.

Giddings Rejects AMCA Proposal

FOND DU LAC, Wis. — Giddings & Lewis' board has unanimously recommended rejection of AMCA International's offer of \$25 a share for the company's 10.5 million outstanding shares, Frank Jones, company president and chief executive officer, said Monday.

Mr. Jones said the board described the \$262.5 million takeover bid as inadequate. The machine-tool manufacturer is urging shareholders to reject the July 6 offer of AMCA International because "it is not in the best interest of the company or its shareholders."

But all this changed when oil exports collapsed in mid-1980. The collapse, according to Western sources, and the subsequent revival of oil exports, occurred because of the Japanese.

Japanese companies had been buying large quantities of Iranian oil at the going OPEC prices when they realized that the Iranians at the same time were selling at far lower prices to Syria, Turkey and other Third World countries.

The Japanese then broke their contracts and stopped all imports, according to Western diplomats. Desperate — and unable to continue financing the war with Iraq, which was approaching its climax — the Iranians resumed negotiations and offered lower prices. Once more the Japanese walked out.

After a third round of negotiation, early in May, an agreement was worked out under which the Japanese are now buying large quantities of Iranian crude at spot prices of \$29 or \$30 a barrel, according to foreign specialists in Tehran.

The Iranians have since extended their spot market sales to other major industrial countries, and the revenue from these short-term deals is expected to last through the summer, totaling about \$2 billion a month.

After that, new contracts will have to be negotiated. The absence of longer-term contracts, Westerners say, is making it virtually impossible for the regime to do any long-range economic planning.

The need for planning is evident in low industrial production, although imports of spare parts and raw materials have resumed.

Italian Banks Set Double Aid Plan For Ambrosiano

Rome

ROME — Major Italian banks have agreed to provide aid for the troubled Banco Ambrosiano, one of Italy's biggest private banks, the Bank of Italy has said.

In a communiqué Saturday, the Bank of Italy said a group of banks met with central bank chairman Carlo Ciampi and Treasury Minister Nino Andreatta Friday to develop the new aid package.

"The institutions assured that they will make available immediately adequate resources to face possible short-term needs of the Banco Ambrosiano," it said.

Meanwhile, about 25 major banks gathered in Milan during the weekend for another meeting to discuss technical outlines for a support operation to underwrite possible overseas lending losses by the Ambrosiano group, sources close to the Bank of Italy said.

Banking sources said support operations could include an injection of fresh capital to the bank, subscribing to an Ambrosiano bond issue or forming a rescue consortium.

COMPANY REPORTS

Revenue and profits, in millions, are in local currencies unless otherwise indicated

United States		First Chicago	
2nd Quarter	1982	1981	1980
Revenue	292	262	252
Profits	0.80	0.72	0.72
Per Share			
6 Months	1982	1981	1980
Revenue	624	494	484
Profits	1.63	1.30	1.30
Per Share			

New Stock Market Indicators Gaining Vogue

By Fred R. Bleakley

New York Times Service

NEW YORK — When the Dow Jones industrial average slid below 790 in mid-June and investors wondered if the bottom was about to fall out of the market, Richard McCabe, chief technical analyst with Merrill Lynch, was not overly concerned. One of his most trusted indicators — the activity of retail cash investors — told him that the market's selling spree had just about run its course.

Merrill Lynch has more than 1 million cash-only customers, compared with 800,000 margin accounts, and over the past 15 years they have consistently been buyers at market bottoms and sellers at market peaks. As it turned out, their switch to a buying mode in mid-June appears to have been the right move, at least for the present time. After the Dow fell to 788, the market rebounded to 812 level. Since then Merrill Lynch's cash customers have remained net buyers even though the Dow dipped below 800 before rebounding to its last week.

Michael Burke of the Investors Intelligence advisory newsletter watches what corporate insiders are doing. Like Merrill Lynch's cash accounts, the direction of insider market activity tends to coincide with the moves of the market. Insiders as a group were heavy net sellers in April and the early part of May. But as of early June, their selling tapered off, so much so that the buy-sell ratios have been as bullish as they were at the bottom of the 1974 bear market, Mr. Burke said.

Such market barometers are called sentiment indicators. There are a dozen or so that, to one degree or another, are watched by most market strategists. They include old standards such as odd-lot activity, retail cash and margin account trading and short-selling patterns.

In recent years, however, other sentiment in-

dicators have come into vogue, such as the level of block trading and the bearishness or bullishness of market advisory letters. They are all aimed at pinpointing which segments of the market are confident and which are fearful. Some of these indicators, such as insider trading, tell investors to follow the leader, while others, such as short-selling by the public, are signals to go the other way.

They may not be as entertaining to follow as offbeat market indicators that track the length of women's skirts and the Superbowl winners, but sentiment indicators have become particularly popular of late. One reason is that during the 1970s, they were particularly astute at picking market bottoms and peaks.

Another reason for the increased interest is that many professional investors have lost faith in using monetary history as their guide to stock market investing. In 1978, for instance, the well-known inverted yield curve, whereby short-term bonds yielded more than long-term ones, kept many institutional investors out of the market for the next two years, a time when they should have been in.

But amid the enthusiasm, there are some Wall Streeters who have become disenchanted with sentiment indicators. Martin Zweig of Zweig, Foreman, a market letter that is considered one of the best, said, "I used to go hog wild over them, but I'm more suspicious now."

He noted that while some of the indicators had been accurate in predicting the bottom of the 1973-74 market, others were premature, pointing to a market low in July 1974. Yet the Dow average did not touch bottom until December of that year, 300 points lower than in July.

"Every once in a while you get a 1962, 1966 or a 1974, and the numbers have to go off the wall before the market finally turns," Mr. Zweig said.

Nonetheless, some of these indicators are as positive now as they were at the end of 1974. That is the case with Edson Gould's "Sentimeter," a ratio of the Dow Jones industrial average to the average cash dividend of the Dow. Mr. Gould's Findings and Forecasts report recently noted that the low level of the measure indicated "a very low-risk market."

As of the beginning of July, most of the sentiment indicators were only neutral to mildly bullish. Analysts say this means there is a good chance of a summer rally and that even if it falters, the June low is not likely to be pierced for at least a month or two, if then.

To be sure, as a group, the indicators are not signaling that the worst of the 19-month bear market is over. Both Philip Roth of E.F. Hutton and Mr. McCabe of Merrill Lynch say they would need to see institutions holding more cash, a higher percentage of bearish advisory services, a higher put-to-call ratio and several months of net buying by retail cash accounts before they would call a major market bottom.

Even so, the measures are sufficient now "to support a near-term recovery," Mr. McCabe said, pointing to trends in block trading by institutions. Mr. McCabe watches the ratio of upticks — the number of block shares traded at prices above the previous sale — to downticks — the number traded at prices below the last sale. In mid-June the ratio indicated that the institutions were in an oversold position and that selling would soon begin to taper off.

Another popular sentiment indicator that is mildly bullish now tracks the attitudes of stock market advisory letters. Currently, a high degree of the market letters are bearish, which Mr. Burke interprets as being a time to buy stocks. He said that historically, the market letters, of which he tracks 105, are wrong.

NEW ISSUE

All these securities having been sold, this announcement appears as a matter of record only.

JULY 1982

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YEAR ENDED DECEMBER 31, 1981 ANNUAL GENERAL MEETING OF SHAREHOLDERS, JUNE 29, 1982

CONTINUED EXPANSION DESPITE THE SLUGGISH ECONOMY WHICH HAS SQUEEZED INCOME

Oil production capacity, already heavily in surplus, continued to rise in 1981 as the oil companies intensified their exploration efforts. Meanwhile, demand in the leading consumer countries fell (by 10% in France) under the triple impact of economic stagnation, energy conservation, and conversion to other forms of energy.

The situation in the refining industry grew steadily worse, to the point where sale prices sometimes dropped below the cost of crude oil processed.

In addition to the worsening results of ELF FRANCE, there were losses in petrochemicals and in the Société LE NICKEL. While adjusting to present circumstances, the Group prepared for the future. In addition to its normal operations in Africa and Europe, it has made a major investment in the United States through its takeover of Texasgulf, with its abundant natural resources. Furthermore it diversified by acquiring companies or investment securities, especially in fine chemicals, new energy sources and energy management.

Principal activities in 1981

Exploration
Crude newfield acreage fell by approximately one third in 1981, due in particular to the disposal of the Canadian assets and the surrender of several geological survey licenses in Africa.

In 1981, exploration expenditure was 5.1 billion francs (including 0.7 in France) while development expenditure totalled 6.3 billion francs (including 0.8 in France).

Production
Since the disposal of its Canadian assets, ELF AQUITAINE is producing in 14 countries.

In 1981, Group-produced production totalled 23.1 million tonnes of liquid hydrocarbons (including 2.8 billion cubic metres of soluble natural gas).

The Group also produced (excluding Texasgulf) 2.1 million tonnes of sulfur (including 0.3 in Canada, until the disposal of its assets there).

Owing to the acquisition of Texasgulf (which produced 16 million tonnes of Frasch sulfur in 1981) and despite the disposal of Aquitaine Company of Canada from July 1, 1981, the Group has become the largest producer of sulfur in the western world.

In addition, during 1981, TEXASGULF produced 9 million tonnes of phosphates and 186,000 tonnes of potash. Conditions remained difficult for the Société LE NICKEL (Elf Aquitaine 50%) which reported a loss of 275 million francs in 1981, including a reported currency translation loss of 82 million francs on its long time debt.

Crude oil trading — refining — distribution
The Group's crude oil resources in 1981 were in the neighbourhood of 38.5 million tonnes, of which 18 million tonnes came from oil fields operated by the group and 22.5 million tonnes were bought from third parties. Most of this was Saudi crude, whose price and quality met the Group's refining requirements, both qualitative and economic.

23.3 million tonnes of crude oil were carried in 1981 on behalf of ELF AQUITAINE, considerably less than in 1980.

ELF FRANCE suffered economic operating losses of some 3 billion francs in 1981, not fully reflected in the social accounts because of inventory valuation. This loss, much greater than previously, was caused by the narrow, even a loss, gap between the purchase price of crude oil and the sale price of refined products, and by the fall in the price of refined products.

At this level, the company has had to cut back purchases and processing of crude oil appreciably, buying in the finished products instead.

Sales of finished products in France totalled 16.3 million tonnes, accounting for 23.1% of the domestic market, compared with 23.5% in 1980. In terms of tonnage this represents a 13.8% drop in sales, compared with 12.4% for national consumption as a whole. This reduction in the outcome mainly of the Group's policy of concentrating on the most economically attractive products and of very strict price controls which have forced the abandonment of certain product lines.

Group sales in Europe totalled 7 million tonnes.

Petrochemicals
Abnormally low output coupled with inadequate sales prices have severely soured the results of ATO-CHIMIE and CHLO-CHIMIE, both of which reported sharply negative cash flows, even though their sales revenues remained roughly comparable to 1980 figures (9.4 billion francs).

What makes this situation particularly worrying at present is that these companies ought to be adopting strategies and modernizing their production facilities in order to remain competitive; it is clearly going to be necessary, therefore, to turn to shareholders in order to finance the requisite capital expenditures.

Fine chemicals
The acquisition of 80% of the equity of CECA S.A. was further evidence of the Group's intention to make fine chemicals and branded products one of its strategic lines of development. This move complements the positions occupied since 1977 particularly by its American subsidiary M & T CHEMICALS.

CECA's sales revenues were in the vicinity of 1 billion francs of which 60% were outside France.

Pharmaceuticals and cosmetics
1981 was a satisfactory year for SANOFI which had sales revenues of 6.6 billion francs, an increase of 21% over 1980 after allowing for changes in the company's structure.

SANOFI acquired a majority interest in INSTITUT PASTEUR PRODUCTION, giving it an important share of the biology industry, and reached agreement with AMERICAN HOME PRODUCTS, the second largest pharmaceutical firm in America, which is vital to SANOFI's future development in the USA.

Scientific and technical research — innovation
The Group in 1981 had made considerable endeavours in the fields of research, development and innovation, spending 1,100 million francs (including 700 million on health and hygiene activities).

Financial highlights

The consolidated sales of the Group were 104.4 billion francs (107.2 in the participation in ATO-CHIMIE and SAN as included) against 76.7 billion francs in 1980.

Cash flow was 14.9 billion francs compared with 13.5 in 1980. This drop in cash flow is due essentially to weakened demand for oil and increases in taxation.

Consolidated net income in 1981 was 3,687 million francs compared with 5,617 million francs in 1980, down 36%. This figure is arrived at after making a charge to income of 4,031 million francs for the increase in the current price reserve for inventories (against 3,345 million francs in 1980) and income taxes totalling 12,145 million francs (against 8,917 million francs in 1980).

As concerns the consolidated balance sheet, it should be noted that the gain of 3,900 million francs, realised on the disposal of the Group's equity in ACC, has been credited directly to retained earnings.

The extent of the Group's capital expenditures in 1981, in excess of 31 billion francs is one of the outstanding features of the year. The most obvious factor here was the acquisition of TEXASGULF but, in addition, over 14 billion francs have been spent on oil and gas exploration, field development, and on refining and distribution, compared with around 10 billion francs in 1980.

SENA, the parent company, had net income of 2,084 million francs against 2,527 million francs in 1980. Net income was determined after including a gain of 4,763 million francs from the disposal of the equity in ACC, and after providing an additional 6,000 million francs for contingencies on the grounds of the risks involved in oil and gas relation investments as a whole.

It was decided at the Meeting to maintain the dividend at the same level as the previous year, namely of 10.50 francs per share of 10 francs nominal value, after taking into account the 5 for 1 share split during the year.

The net dividend is payable against presentation of coupon n° 27 from July 7, 1982, while the tax credit (prepaid tax) amount to 5.25 francs per share.

CREDIT LYONNAIS 1981 Financial Year

In an international environment still characterised by economic stagnation, the aggravation of unemployment, an instability in interest rates and exchange rates, the actions of the French authorities have been directed, since the spring, towards a recovery in economic activity.

If, under these conditions, Crédit Lyonnais has recorded a marked reduction of its profits in France, the rapid expansion of its business abroad has nevertheless enabled it to achieve a result very close to that for 1980.

IN FRANCE

Emphasis on aid for companies...

French companies, already faced with a weakening of their cash-flow due to the oil shocks and the difficulty of offsetting increases in wage costs in a period of economic slowdown, have had to cope with a sudden rise in interest rates. For small and medium-sized companies, especially those whose liquidity positions cannot rely on large supplier's credits, Crédit Lyonnais, at the request of the authorities, mitigated in July and August the consequences of the rise in the cost of credit by a reduction of up to three percentage points over the Bank's discount rate, and, more substantially, by exceptional cash advances effected from July to December. A system of stepped interest rates, again to the benefit of small and medium-sized companies, and making more allowance for the quality of companies than for their size, was instituted. With a base rate well below market rates, Crédit Lyonnais helped the French economy to face its difficulties.

The expansion of loans to customers, from one year's end to the next, was 16.9%, as against 11.3% for the 1980 financial year.

This marked expansion was due to an increase of 12.8% in loans in France, and was made possible by a further improvement in the Bank's working capital (allocations to surplus, bond issues of 13 billion), and a rise of 50.1% in loans in foreign currencies, whose share of total lendings advanced from 9.5% to 12.2%.

As regards the corporate sector only, the increase was 19.4%, due mainly to an acceleration in the grant of export credits (+27% as against +8.5% in 1980), and medium and long-term loans for plant and equipment (+15.6% as against +6% in 1980).

This priority, from which companies benefited (the high level of interest rates not encouraging individuals to invest in real estate) raised their share in total lendings from 78.8% in 1980 to 80.9% in 1981.

...and acceleration in the establishment of regional structures

For Crédit Lyonnais, 1981 will remain the decisive year as regards regionalisation. It was in fact during the financial year that this regionalisation announced in the autumn of 1979, and which it was hoped to complete in four or five years, became a reality.

The provincial branches will henceforward be divided among 19 regional managements, all operational.

These regional managements will henceforward constitute the decision-making bodies with authority over the group managements within their area. The latter will nevertheless retain their full operating responsibilities and powers.

Thus, about 90% of files will now be subject to decisions made at the local or regional level.

The regional managements, moreover, will enjoy considerable independence under the policy, worked out by the authorities and the Bank, to promote marketing activities adapted to the characteristics of the region, and thus to contribute to its economic development. They have already commenced, and are continuing special drives as regards small and medium-sized companies which constitute the basic fabric of the French economy.

ABROAD

Again, very swift expansion...

Customers' deposits in branches abroad reached an amount equivalent to FI 39 billion, recording an advance (35.6%) well above that for the previous financial year. Their share of total customers' deposits reached 21.6% at end-1981.

Loans to customers by branches abroad again expanded at a

very satisfactory rate (+33.9%), their share in total loans increasing from 20.7% at end-1980 to 23.1% at end-1981.

Parallel with this expansion of operations by its direct network, the various establishments of Crédit Lyonnais abroad again developed markedly during the financial year, due especially to:

■ the acquisition of control, in the Netherlands, of Slavenburg Bank, which has a substantial network of branches in that country and abroad;

■ the acquisition of a large commercial bank in Argentina, Banco Tornquist S.A.;

■ the opening of a general Representative Office in China, at Beijing.

...and a marked rise in profits

Despite the narrowing of profit margins on transactions with customers, the rapid expansion in new operations, as much in the exchange rates of several currencies against the franc enabled the branches abroad to achieve an increase of 42% in net banking income, and an operating profit, before depreciation and provisions, of FI 777 million, a rise of 55.4% over the figure for the previous year.

CRÉDIT LYONNAIS AND THE CAPITAL MARKETS

The Bank continued to play a leading role in the French capital market by participating in nearly all new operations, as much in bond issues (64 out of 70, as lead manager or co-lead manager in 80% of the cases) as in share issues as the collecting agent for subscriptions and often as underwriter for the operation.

In the international capital market, it managed or co-managed 99 public Euro-issues, representing \$7.3 billion (as against 48 issues representing \$3.6 billion in 1980) and 112 Euro-credits representing \$30.77 billion, a rise of 33% over the figure for the previous financial year.

STABILISED RESULTS

The 1981 financial year, notwithstanding a further increase in operating provisions, witnessed a stabilisation of Crédit Lyonnais' results after two financial years characterised by a marked improvement in profitability. Net profits reached FI 46

Monday's AMEX Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

Tables include the nationwide prices up to the closing on Wall Street.

[illegible]

(Continued on Page 19)

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Circumstance	Percentage (%)
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If someone is threatening you	75
If someone is harassing you	65
If someone is insulting you	55
If someone is annoying you	45

1. *Journal of the American Medical Association*, 1997; 277: 1033-1036.

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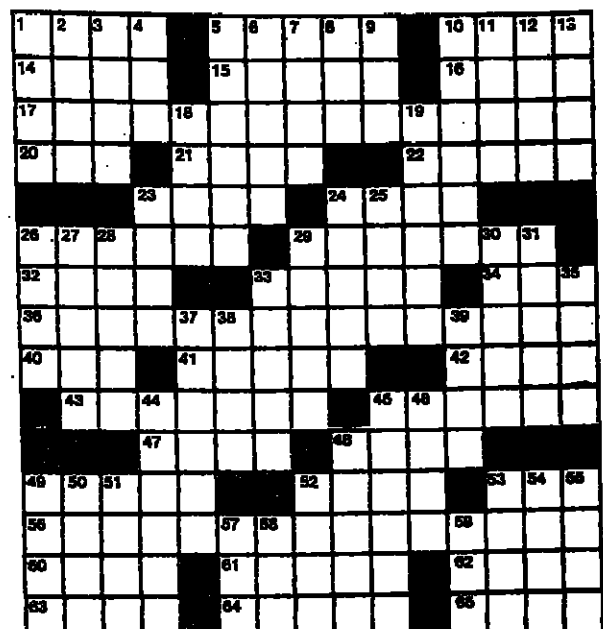
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the 1990s, the number of people in the world who are under 15 years of age is expected to increase by 1.5 billion, from 1.1 billion in 1990 to 2.6 billion in 2010. The number of people aged 65 and over is expected to increase by 1 billion, from 350 million in 1990 to 1.4 billion in 2010. The number of people aged 15-64 is expected to increase by 1.5 billion, from 1.1 billion in 1990 to 2.6 billion in 2010. The number of people aged 65 and over is expected to increase by 1 billion, from 350 million in 1990 to 1.4 billion in 2010. The number of people aged 15-64 is expected to increase by 1.5 billion, from 1.1 billion in 1990 to 2.6 billion in 2010.

the 1990s, the number of people in the world who are illiterate has increased from 1.2 billion to 1.5 billion. The number of illiterate people in the world is expected to reach 1.7 billion by the year 2015. The number of illiterate people in the world is expected to reach 1.7 billion by the year 2015.

CROSSWORD



- ACROSS**
- 1 Scrimp
 - 5 Herring
 - 10 Jardin
 - 14 A neighbor of Saudi Arabia
 - 15 Early
 - 16 Abbr. after a list of names
 - 17 Football situation
 - 20 Preside as judge
 - 21 River through Florence
 - 22 Ready for battle
 - 23 Victim
 - 24 — in (collapse)
 - 26 Ties
 - 28 Forerunners
 - 32 Aircraft acronym
 - 33 She died at age 127
 - 34 Greek letter
 - 36 Endorse a proposal
 - 40 New: Prefix
 - 41 Regions
 - 42 With, to François
 - 43 Chow material
 - 45 Ebb
 - 47 Feminine, e.g.
 - 48 Shipped
- DOWN**
- 1 Type of shell or sell
 - 2 Eastern V.I.P.
 - 3 Diversify
 - 4 Duo in "Mamma"
 - 5 Fifth wheels
 - 6 Thought price
 - 7 Co-author of "Hair"
 - 8 Ape Garbo
 - 9 Article
 - 10 Stormy (sea bird)
 - 11 Jet
 - 12 Tantrum generator
 - 13 Type of hopper
 - 15 Loose lass
 - 18 Type of blanket
 - 22 Major
 - 24 Sister of Jupiter
 - 25 Ancient Syria
 - 26 Org.
 - 27 Beast with much "at steak"
 - 28 Hot winter drink
 - 29 Smoken fences
 - 30 Riverside is one
 - 31 Fitted a filly with footwear
 - 32 Guns for Mr. Atkins
 - 33 Twice halved
 - 37 Nabbed off base
 - 38 Dew — Im
 - 39 Sensitivity
 - 44 Did some road work
 - 45 Pressed the juice out
 - 46 Within: Comb form
 - 48 Act fraction
 - 49 French town
 - 50 Melt
 - 51 Helper
 - 52 Mix
 - 53 Fall for a ruse
 - 54 Clean's cousin
 - 55 Tennis V.I.P.
 - 57 Emulate
 - 58 G.I. address
 - 59 Vigor

WEATHER

	HIGH	LOW	FAIR		HIGH	LOW	FAIR			
ALBANY	24	15	59	FAIR	LOS ANGELES	32	18	64	FAIR	
ALBUQUERQUE	35	25	73	OVERCAST	MADRID	34	17	72	OVERCAST	
AMSTERDAM	27	21	18	44	CLOUDY	MANILA	30	25	77	CLOUDY
ANKARA	30	24	12	54	CLOUDY	MEXICO CITY	32	26	75	CLOUDY
ATHENS	29	24	14	64	CLOUDY	MIAMI	30	25	77	CLOUDY
AUCKLAND	30	24	12	54	CLOUDY	MILAN	31	21	29	FAIR
BANGKOK	32	26	22	72	RAINY	MONTREAL	28	22	43	FAIR
BEIRUT	32	26	22	72	RAINY	MOSCOW	28	22	43	FAIR
BERLIN	24	15	59	FAIR	MUNICH	28	22	43	FAIR	
BIRMINGHAM	24	15	59	FAIR	NASSAU	34	26	75	CLOUDY	
BOSTON	24	15	59	FAIR	NEW DELHI	40	24	75	CLOUDY	
BRAZILIA	30	24	12	54	CLOUDY	NEW YORK	32	26	75	CLOUDY
BUCAREST	26	18	44	SHOWERS	NICE	29	23	72	FAIR	
BUDAPEST	26	18	44	SHOWERS	OSLO	23	14	57	FAIR	
BURBANK	30	24	12	54	CLOUDY	PARIS	32	26	75	CLOUDY
CALCUTTA	30	24	12	54	CLOUDY	PRAGUE	27	16	61	CLOUDY
CAIRO	30	24	12	54	CLOUDY	REYKJAVIK	12	5	48	RAINY
CHICAGO	27	21	18	44	CLOUDY	RIO DE JANEIRO	30	24	72	CLOUDY
COPENHAGEN	26	18	44	SHOWERS	ROME	30	24	72	CLOUDY	
COSTA MESA	30	24	12	54	CLOUDY	SAO PAULO	32	26	75	CLOUDY
DAMASCUS	30	24	12	54	CLOUDY	SEOUL	31	26	75	CLOUDY
DUBLIN	16	11	12	54	OVERCAST	SHANGHAI	30	24	72	CLOUDY
EDINBURGH	16	11	12	54	OVERCAST	SINGAPORE	30	24	72	CLOUDY
FLORENCE	26	18	44	SHOWERS	STOCKHOLM	23	14	57	FAIR	
FRANKFURT	26	18	44	SHOWERS	SYDNEY	32	26	75	CLOUDY	
GENEVA	26	18	44	SHOWERS	TAIPEI	30	24	72	CLOUDY	
HARARE	26	18	44	SHOWERS	TEL AVIV	34	26	75	CLOUDY	
HONG KONG	29	24	12	54	CLOUDY	TOKYO	27	16	61	CLOUDY
HOUSTON	29	24	12	54	CLOUDY	TUNIS	30	24	72	FAIR
ISTANBUL	29	24	12	54	CLOUDY	VIENNA	27	16	61	CLOUDY
JERUSALEM	29	24	12	54	CLOUDY	WASHINGTON	31	26	75	CLOUDY
LAS PALMAS	29	24	12	54	CLOUDY	ZURICH	28	22	43	FAIR
LIMA	29	24	12	54	CLOUDY					
LONDON	21	16	61	OVERCAST						

Readings from the previous 24 hours.

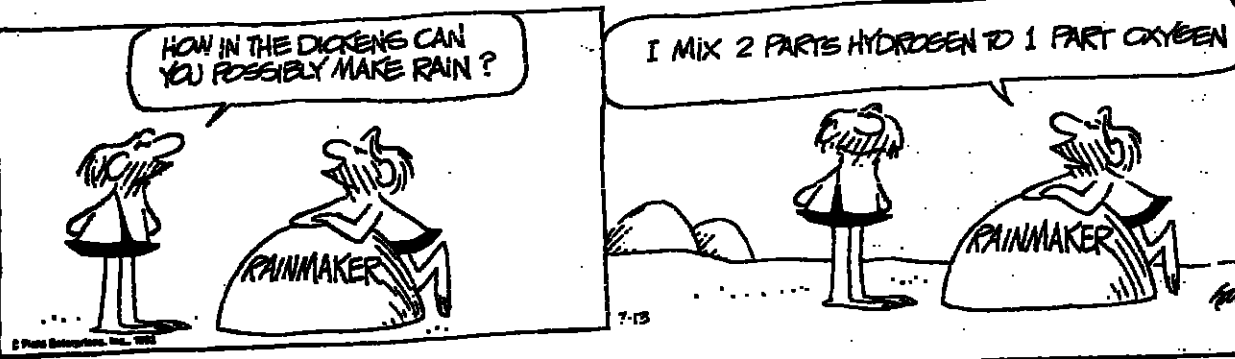
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(4) Italian Lira	SP 72.00	(4) Italian Lira	SP 72.00
(5) Spanish Peseta	SP 72.00	(5) Spanish Peseta	SP 72.00
(6) Portuguese Escudo	SP 72.00	(6) Portuguese Escudo	SP 72.00
(7) Dutch Guilder	SP 72.00	(7) Dutch Guilder	SP 72.00
(8) Belgian Franc	SP 72.00	(8) Belgian Franc	SP 72.00
(9) Austrian Schilling	SP 72.00	(9) Austrian Schilling	SP 72.00
(10) Czech Koruna	SP 72.00	(10) Czech Koruna	SP 72.00
(11) Hungarian Forint	SP 72.00	(11) Hungarian Forint	SP 72.00
(12) Polish Zloty	SP 72.00	(12) Polish Zloty	SP 72.00
(13) Czechoslovak Koruna	SP 72.00	(13) Czechoslovak Koruna	SP 72.00
(14) Slovak Koruna	SP 72.00	(14) Slovak Koruna	SP 72.00
(15) Yugoslav Dinar	SP 72.00	(15) Yugoslav Dinar	SP 72.00
(16) Romanian Leu	SP 72.00	(16) Romanian Leu	SP 72.00
(17) Bulgarian Lev	SP 72.00	(17) Bulgarian Lev	SP 72.00
(18) Greek Drachma	SP 72.00	(18) Greek Drachma	SP 72.00
(19) Turkish Lira	SP 72.00	(19) Turkish Lira	SP 72.00
(20) Egyptian Pound	SP 72.00	(20) Egyptian Pound	SP 72.00
(21) Indian Rupee	SP 72.00	(21) Indian Rupee	SP 72.00
(22) Pakistani Rupee	SP 72.00	(22) Pakistani Rupee	SP 72.00
(23) Bangladeshi Taka	SP 72.00	(23) Bangladeshi Taka	SP 72.00
(24) Sri Lankan Rupee	SP 72.00	(24) Sri Lankan Rupee	SP 72.00
(25) Nepalese Rupee	SP 72.00	(25) Nepalese Rupee	SP 72.00
(26) Malayan Ringgit	SP 72.00	(26) Malayan Ringgit	SP 72.00
(27) Singapore Dollar	SP 72.00	(27) Singapore Dollar	SP 72.00
(28) Thai Baht	SP 72.00	(28) Thai Baht	SP 72.00
(29) Indonesian Rupiah	SP 72.00	(29) Indonesian Rupiah	SP 72.00
(30) Philippine Peso	SP 72.00	(30) Philippine Peso	SP 72.00
(31) Vietnamese Dong	SP 72.00	(31) Vietnamese Dong	SP 72.00
(32) Cambodian Riel	SP 72.00	(32) Cambodian Riel	SP 72.00
(33) Lao Kip	SP 72.00	(33) Lao Kip	SP 72.00
(34) Burmese Kyat	SP 72.00	(34) Burmese Kyat	SP 72.00
(35) Cambodian Riel	SP 72.00	(35) Cambodian Riel	SP 72.00
(36) Lao Kip	SP 72.00	(36) Lao Kip	SP 72.00
(37) Burmese Kyat	SP 72.00	(37) Burmese Kyat	SP 72.00
(38) Vietnamese Dong	SP 72.00	(38) Vietnamese Dong	SP 72.00
(39) Cambodian Riel	SP 72.00	(39) Cambodian Riel	SP 72.00
(40) Lao Kip	SP 72.00	(40) Lao Kip	SP 72.00
(41) Burmese Kyat	SP 72.00	(41) Burmese Kyat	SP 72.00
(42) Vietnamese Dong	SP 72.00	(42) Vietnamese Dong	SP 72.00
(43) Cambodian Riel	SP 72.00	(43) Cambodian Riel	SP 72.00
(44) Lao Kip	SP 72.00	(44) Lao Kip	SP 72.00
(45) Burmese Kyat	SP 72.00	(45) Burmese Kyat	SP 72.00
(46) Vietnamese Dong	SP 72.00	(46) Vietnamese Dong	SP 72.00
(47) Cambodian Riel	SP 72.00	(47) Cambodian Riel	SP 72.00
(48) Lao Kip	SP 72.00	(48) Lao Kip	SP 72.00
(49) Burmese Kyat	SP 72.00	(49) Burmese Kyat	SP 72.00
(50) Vietnamese Dong	SP 72.00	(50) Vietnamese Dong	SP 72.00
(51) Cambodian Riel	SP 72.00	(51) Cambodian Riel	SP 72.00
(52) Lao Kip	SP 72.00	(52) Lao Kip	SP 72.00
(53) Burmese Kyat	SP 72.00	(53) Burmese Kyat	SP 72.00
(54) Vietnamese Dong	SP 72.00	(54) Vietnamese Dong	SP 72.00
(55) Cambodian Riel	SP 72.00	(55) Cambodian Riel	SP 72.00
(56) Lao Kip	SP 72.00	(56) Lao Kip	SP 72.00
(57) Burmese Kyat	SP 72.00	(57) Burmese Kyat	SP 72.00
(58) Vietnamese Dong	SP 72.00	(58) Vietnamese Dong	SP 72.00
(59) Cambodian Riel	SP 72.00	(59) Cambodian Riel	SP 72.00
(60) Lao Kip	SP 72.00	(60) Lao Kip	SP 72.00
(61) Burmese Kyat	SP 72.00	(61) Burmese Kyat	SP 72.00
(62) Vietnamese Dong	SP 72.00	(62) Vietnamese Dong	SP 72.00
(63) Cambodian Riel	SP 72.00	(63) Cambodian Riel	SP 72.00
(64) Lao Kip	SP 72.00	(64) Lao Kip	SP 72.00
(65) Burmese Kyat	SP 72.00	(65) Burmese Kyat	SP 72.00

PEANUTS



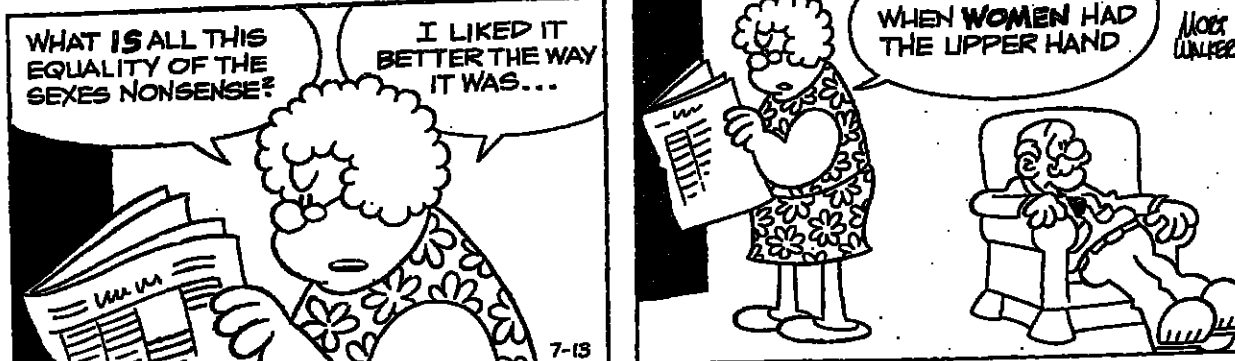
B.C.



BLONDIE



BEEBLEBAILEY



ANDY CAPP



WIZARD OF ID



REX MORGAN



DOONESBURY



JUMBLE THAT SCRAMBLED WORD GAME

Unscramble these four jumbles, one letter to each square, to form four ordinary words.

HOOTI

BYMUP

GLEMIT

SMIFAH

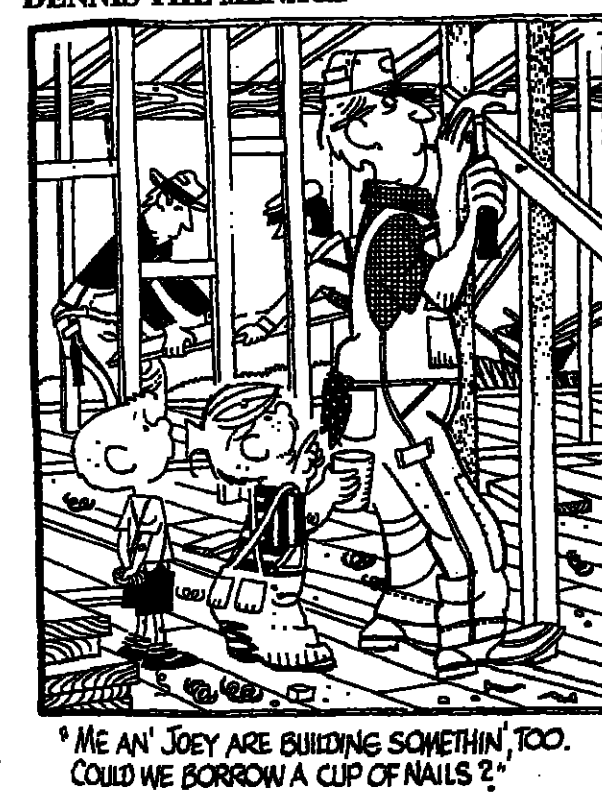
Answer here: "OOO OOO" (Answers tomorrow)

Yesterday's Jumbles: ACRID FLOOR COMEDY METRIC

Answer: What a demerol could be — A "DIRTY ROOM"

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DENNIS THE MENACE



BOOKS

THE BOOK OF THE CITY OF LADIES
By Christine de Pizan. Translated by Earl Jeffrey Richards. Foreword by Marina Warner. 281 pp. \$16.95
Persea Press, 225 Lafayette St., New York, N.Y. 10012

Reviewed by Mary Carrwell

SEVERAL years ago an artist named Judy Chicago produced "The Dinner Party," an enormous table laid with place settings for famous women of myth and history. More than 500 years ago a writer named Christine de Pizan produced her predecessor — a city built of prose and enclosing the famous women of myth and history. The first was a popular success; the second, being an allegory featuring three ladies named Reason, Rectitude and Justice, was not. In other words, the story of best-selling women was not yet a city, because Christine de Pizan, while working well within the 15th-century mode, has a charming, cunning, angry, thoroughly contemporary voice.

Christine de Pizan was the daughter of Charles V's court astrologer. Widowed in 1390, with three small children to support, she became what can best be described as a free-lance writer. French politics concerned her; so did the female condition. Let a male writer reveal misogyny and Christine de Pizan picked up her pen. "Just the sight of this book, even though it was of no authority," she says of one tirade, "made me wonder how it happened that so many different men — and learned men among them — have been and are so inclined to express about women and their behavior. . . . To the best of my knowledge, no matter how long I confronted or dissected the problem, I could not see or realize how their claims could be true when compared to the natural behavior and character of women. Yet I still argued vehemently against women, saying that it would be impossible that so many famous men — such as scholars, possessed of such deep and great understanding in all things, as it seemed — could have spoken falsely on so many occasions."

In answer to her musings, three crowned ladies appear to Christine de Pizan in her study and announce that they have come "to bring you out of the ignorance which so blinds your own intellect that you shut what you know for a certainty and believe what you do not know or see or recognize except by virtue of many erroneous opinions." With their guidance Christine de Pizan begins to build her city, a city which embraces both Mary and Medea, Minerva and Circe as well as assorted queens of France. It will be, her assistants say, "a refuge and defense against the various assaults, [for] these ladies who have been abandoned for so long, exposed like a field without a surrounding hedge."

Why, Christine de Pizan says to Rectitude, do so many men think women want to be married? "The greatest possible sorrow for them? Do women have minds clever enough for great learning? she demands of Reason. "If it were customary to send daughters to school like sons," Reason replies, "and if they were taught the natural sciences, they would learn as thoroughly and understand the subtleties of all the arts and sciences as well as sons." Why, she asks about all the calamities surrounding women, should these be? Reason, Rectitude and Justice answer in turn.

They do so by telling stories, wonderful tales about goddesses, saints, martyrs, noblewomen. That some existed only in the world's imagination is unimportant. Each constitutes a brick in the City of Women.

Most are described as comely, the comeliest as blonde. But beauty distracts from brains. "Foolish" love is a snare and a delusion. The cruellest possible punishment is to have one's breasts torn off. Contrary to popular opinion, women do not necessarily invite unwelcome advances. Virtue resides in virginity and, failing that, in widowhood — the latter, it seems, being the only justification for the loss of the first. With the possible (just possible) exception of the last, is there any statement here that no longer applies?

A Missing

What a blessing, Reason tells Christine, that women are less violent than men, their enthusiasms about the fierce and bravery of the Amazons. Their taking off their breasts — the left if one was an archer, the right if one carried a shield — was, of course, voluntary. Christine de Pizan places warrior women in her city's foundation.

Perhaps this book should bear a label: No Experience Necessary. One does not need to be schooled in the Middle Ages to follow, and enjoy, Christine de Pizan's allegory. Her translator, Earl Jeffrey Richards (since 1971) first to put her in English since 1571) provides a model introduction and notes. Marina Warner, who wrote "Joan of Arc: The Image of Female Heroism," provides a model foreword. And Christine de Pizan herself provides a model opening. "One day," she writes, "as I was sitting alone in my study surrounded by books on all kinds of subjects, devoting myself to literary studies, my usual habit, my mind dwelt at length on the weighty opinions of various authors whom I had studied for a long time." She picks up a small book but "I had not been reading for very long when my good mother called me to refresh myself with some supper, for it was evening." An evening in 1405.

Mary Carrwell is on the staff of The New York Times.

CHESS

By Robert Byrne

WHEN Wilhelm Steinitz, outrageously decreed that "the king is a fighting piece," he did not mean just in the end game. The crochety, provocative ruler of the chess world from 1866 to 1894 would at times contemptuously send his king to roam a hazardous battlefield in the early stages of a game.

The epitome of his insolence was the infamous Steinitz Gambit: 1 P-K4, P-K4; 2 P-KB4, P-K4; 3 P-Q4, Q-R5ch; 4 K-K2. It is almost incredible, but it was true, that he sporadically played and won with this exposed king against some of his most distinguished rivals over a period of 30 years.

It is likely that Steinitz needed the bizarre to stimulate his genius for the game, but for the rest of us, the king stays home, except in tranquil endings.

Yet there are occasional dramatic endorsements of Steinitz's decree. In a critical phase of the encounter between the world champion, Anatoly Karpov, of the Soviet Union, and British grandmaster John Nunn, in the 10th round of the Phillips & Drew International Tournament in London, the white king's advance decided the battle.

The positionally desirable defense with 7... N-K4 would have been won because after 8 Q-Q4, White will win a pawn. Thus, Black is compelled to weaken his Q4 square by 7... P-K4.

Recently, 7... B-K3 has attracted renewed attention, although no one has found anything fancy with the alternative 9... P-Q4.

After 11... Q-B2, accepting Black's gambit by 12 N-K2, B-N3; 13 Q-B2 would give Black counterplay with 13... N-Q5; 14 B-Q3, Q-N4. In this hypothetical line, 14 B-Q3, Q-R5ch; 15 R-Q2 (15 R-Q1, B-N3; 16 R-Q1, N-N3ch; 17 R-P4, Q-R5ch would cost White the exchange).

After 32... Q-B3, Karpov made a bold bid to create winning chances by opening the position with 33 P-N4! P-K4. 34 R-K4. Following 34... Q-B6; 35 R-K4, B-R3; 36 R-K4, B-R3; 37 R-K4, B-R3; 38 R-K4, B-R3; 39 P-B5, P-K6; 40 B-K6, B-B6; 41 R-K4, B-R3 would be likely to lead to a draw.

Karpov's 43/4-R4! forced the weakening 43... P-R3, but he could not have exploited this at once with 44 R-R3! because of 44... B-R4; 45 R-Bch, Q-R4; 46 Q-R4, R-R2.

After 45... R-B1, Nunn threatened 46... R-B1, P-R3, R-R4, winning the queen, but Karpov's 46 K-N4! not only saved the queen but also used the king to set up the final attack.

Karpov's 48 Q-N5! smashed the defense, since there was nothing to be done about the terrible threat of 49 R-R4! B-R2; 50 Q-N6ch, K-R1; 51 R-Bch.

A piece down after 51 R-R4, Nunn gave up.

SECLAN DECEMBER

White	Black	White	Black
1-10	1-10	1-10	1-10
11-20	11-20	11-20	11-20
21-30	21-30	21-30	21-30
31-40	31-40	31-40	31-40
41-50	41-50	41-50	41-50
51-60	51-60	51-60	51-60
61-70	61-70	61-70	61-70
71-80	71-80	71-80	71-80
81-90	81-90	81-90	81-90
91-100	91-100	91-100	91-100

هكذا من الأجل

